



THE FINANCIAL REGISTER OF THE UNITED STATES, VOLUME 2

ANONYMOUS

The Financial Register of the United States, Volume 2

Anonymous

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Handwritten text in Arabic script, likely a manuscript or letter. The text is written in a cursive style and is somewhat faded. It appears to be a single paragraph or a short section of a larger document. The ink is dark, and the paper is light-colored. The text is written in a right-to-left direction, as is typical for Arabic script. The handwriting is fluid and connected, with some variations in line height and spacing. The overall appearance is that of an old, possibly leather-bound, manuscript page.

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one

THE
FINANCIAL REGISTER

OF THE
UNITED STATES:

DEVOTED CHIEFLY TO FINANCE AND CURRENCY,

AND TO
BANKING AND COMMERCIAL STATISTICS.

VOL. II.
FROM JULY, 1838, TO DECEMBER, 1838.

PHILADELPHIA:
PRINTED AND PUBLISHED BY ADAM WALDIE, 46 CARPENTER STREET

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THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept so perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—Locke on Money.

Vol. II.

WEDNESDAY, JULY 4, 1838.

No. 1.

. THE TRADE OF BANKING IN ENGLAND:

Embracing the substance of the evidence taken before the secret committee of the house of commons, digested and arranged under appropriate heads. Together with a summary of the law applicable to the Bank of England, to private banks of issue, and joint stock banking companies. To which is added an appendix. By MICHAEL J. QUINN, Esq. of Lincoln's Inn, Barrister at Law. London, Butterworth, 7 Fleet street; Murray, Albemarle street; Ridgway, Piccadilly and Richardson, Royal Exchange. 1833.

TO THE RIGHT HONOURABLE HENRY LORD BROUGHTON AND VAUX, LORD HIGH CHANCELLOR OF GREAT BRITAIN, THIS WORK IS, WITH HIS PERMISSION, AND WITH SENTIMENTS OF UNEIGNED GRATITUDE FOR SEVERAL TOKENS OF KINDNESS, MOST RESPECTFULLY DEDICATED BY THE AUTHOR.

PREFACE.

I have endeavoured in the following pages to present, in the first place, a general view of the origin, privileges, and functions of the Bank of England, of the mode in which its business is conducted, and of the character which it has acquired amongst those persons in London, who, from their own experience, are peculiarly competent to bear testimony to the true nature of its operations. I have then proceeded to treat of its branch banks recently established in different parts of the country, collecting from the evidence laid before the committee of the house of commons such information as might enable the public to judge of the value of those institutions. Considering the bank and its branches, then, in one point of view, I have traced out its actual condition as to capital, liabilities, and annual profits, from the accounts which were rendered to the committee. As no similar returns were ever before communicated by the bank, the real state of that corporation can now be examined, for the first time, upon the faith of documents of an authentic description, and in which every

thing connected with the concerns of the company is disclosed without reserve.

Decided differences of opinion prevailed amongst several of the witnesses who appeared before the committee, with respect to the fluctuations which from time to time have taken place in the currency. I found it necessary, therefore, to attempt to clear away the obscurities by which that subject has been heretofore surrounded; and I hope, that, with the assistance of the practical knowledge relating to it which abounds in the minutes of evidence, I have succeeded in simplifying a topic which theorists had previously made almost unintelligible. In order to prepare the reader for this discussion, I have touched on the nature of the foreign exchanges—a theme also hitherto fruitful of perplexity to all persons who have not an immediate interest in their variations, and a practical acquaintance with the causes that elevate or depress them in the course of trade. If the reader go with me through these explanations, I trust that he will then be enabled to judge how far the management of the bank is chargeable with producing contractions or enlargements of the circulation to the prejudice of the community, and whether any system of banking can be devised by which such alternations can for the future be prevented.

The lessons afforded to the country by the catastrophe of 1825 are next alluded to, as well as the extent to which the bank has profited by those serious and providential admonitions. The whole of the objections which have been made to its system of management, and the answer given to those objections on the part of the bank, are then exhibited, in order that the reader may decide for himself between conflicting opinions, arguments, and statements of fact, on which side the truth is probably to be found.

As the enquiry now pending in parliament extends to private and joint-stock banks, the evidence with respect to those establishments is condensed in successive chapters; and they will, perhaps, be found, in connection with those which precede them, to disclose a more

complete view of the banking trade in this country than it was possible for any one writer to collect, without access to the valuable evidence lately published by order of the house of commons.

The improvements proposed by several witnesses with respect to the banking system are next drawn out from the mass of questions and answers, and I have presumed to conclude the first part of this work with such observations as occurred to me upon a careful and impartial consideration of the whole subject.*

References having been made, in many passages of the evidence, to the present state of the law upon several points connected with banking, I deemed it convenient to add, in a second part, a summary of all the more important statutes which relate either to the Bank of England, to private banks of issue, or Joint-stock Banking Companies.

In the appendix will be found an account of the principal foreign banks, and of those of Ireland and Scotland; and also a series of useful tables compiled, at my request, by Mr. HEPPEL, one of the most accurate accountants in the city of London. I wish I were at liberty to mention the names of two other gentlemen, of great commercial experience and high character, who have done me the favour to revise this volume in its progress through the press. If upon the subject of which it treats it have any pretension to authority, I owe it entirely to their suggestions, and to the kind vigilance with which they have preserved me from falling into material errors.

M. J. Q.

10, Gray's Inn Place, Jan. 28, 1833.

Names of the members of the committee appointed, on the 22d of March, 1833, to enquire into the expediency of renewing the charter of the Bank of England, and into the system on which banks of issue in England and Wales are conducted.

Lord Viscount ALTHORP, *Chairman.*

Sir Robert Peel, Bart.	Mr. Irving,
Lord John Russell,	Mr. Warburton,
Mr. Goulburn,	Mr. George Philips,
Sir James Graham, Bart.	Mr. James Morrison,
Mr. Herries,	Lord Viscount Morpeth,
Mr. Poulett Thomson,	Mr. Heywood,
Mr. Courtenay,	Lord Viscount Ebrington,
Colonel Maberley,	Mr. Lawley,
Sir Henry Farnell, Bart.	Sir John Wrottesley, Bart.
Mr. Vernon Smith,	Lord Cavendish,
Mr. John Smith,	Mr. Alderman Wood,
Mr. Roberts,	Mr. Strutt,
Sir Mathew Ridley, Bart.	Mr. Bonham Carter,
Mr. Attwood,	Mr. E. J. Stanley,
Sir John Newport, Bart.	Mr. Alderman Thompson.
Mr. Baring,	

* Chapter XXIX.

Names and designations of the witnesses who appeared before the committee.

Attwood, Thomas, Esq. banker at Birmingham.
Beckett, William, Esq. banker at Leeds.
Burgess, Henry, Esq. secretary to the committee of country bankers.
Burt, James, Esq. one of the directors of the Joint-stock Bank at Manchester.
Dyer, Joseph Chesborough, Esq. one of the directors of the same establishment.
Easthope, John, Esq. stock-broker in the city of London.
Forster, Charles Smith, Esq. banker at Walsall.
Glyn, George Carr, Esq. banker in London.
Grote, George, Esq. banker in London.
Gurney, Samuel, Esq. bill-broker in London.
Harman, Jeremiah, Esq. director of the Bank of England for many years previous to 1827.
Lloyd, Samuel Jones, Esq. banker in London and in Manchester.
Norman, George Warde, Esq. director of the Bank of England.
Palmer, John Horsley, Esq. governor of the Bank of England.
Richards, John Baker, Esq. deputy-governor of the Bank of England from April 1824, to April 1826, and governor from April 1826, to April 1828.
Rothschild, N. M. Esq.
Smith, John Benjamin, Esq. one of the directors of the Joint-stock Bank at Manchester.
Stuckey, Vincent, Esq. banker in the counties of Somerset and Gloucester.
Tooke, Thomas, Esq. London merchant.
Trotter, Sir Coutts, Bart. London banker.
Ward, William, Esq. director of the Bank of England.
Wilkins, John Parry, Esq. banker in Wales.

CONTENTS OF PART I.

CHAPTER I.—Origin, privileges, and functions of the Bank of England—Its power with respect to private bankers.

CHAPTER II.—Supreme management of the bank by the court of directors—Connection between the bank and government—Practical management—The proprietors—Opinions of the London bankers and others as to the general management of the bank.

CHAPTER III.—Origin of branch banks—Their supposed advantages—Places where established—General principles of management—Facilities afforded by them to country bankers, to trade, and to the crown for transmission of revenue—Expenses of the branches, and their losses by bad debts.

CHAPTER IV.—Capital of the Bank of England—Dividends—Its liabilities and assets—Annual expenses and net profits.

CHAPTER V.—The par of Exchange—Par between England and France—Signs of unfavourable and favourable exchanges—Effects upon the exchanges of foreign loans of the general state of trade, and of the operations of individuals, single or combined.

CHAPTER VI.—Nature and amount of English currency—Its advantages—Fluctuations to which every species of currency is liable—Effect upon it of foreign exchanges—Peculiar fluctuations to which the currency of England is exposed.

CHAPTER VII.—Issues of the bank during the restriction of cash payments—Consequences of those issues—Interference of the bank with the currency previously to the restriction—Influence of enlarged and

- contracted circulation of bank paper upon the general interests of the country.
- CHAPTER VIII.**—Supposed prosperity of the country at the commencement of the year 1825—Remote causes of the panic—Failure of the house of Pole & Co.—Conduct of the bank—Proposed restriction of cash payments—Serious difficulties of the period—Discredit of the country bankers—Fortunate effect of an issue by the bank of one-pound notes—Salutary consequences of the panic.
- CHAPTER IX.**—Principles upon which the circulation of the bank is ordinarily administered—Cases of exception—Criterion of a sound currency—Cause of its derangement—Measures for equalising it—System of the bank with reference to securities and bullion.
- CHAPTER X.**—Objections to the regulation of the bank issues by the foreign exchanges—Necessity of providing for their capability of paying gold—Private sale of exchequer bills—Objections to the management of the bank in 1825—Statement of the governor as to the general conduct of the bank.
- CHAPTER XI.**—London bankers—Nature of their business—Facilities afforded by them to trade—Number of country bankers—Mr. Beckett's bank at Leeds—Mode in which its business is conducted—Effect upon it of the suppression of the one-pound notes—Management of its circulation.
- CHAPTER XII.**—Mr. Smith Forster's bank at Walsall—His mode of conducting business—His statement of the effect of the political alarm in May 1832, upon Bank of England paper at Walsall—His opinion of the influence of the branch banks, with reference to the private banks and the general trade of that district—His argument in favour of country bankers continuing to issue their own notes.
- CHAPTER XIII.**—Mr. Perry Wilkins's banks in South Wales—His method of conducting business—Circulation of his banks—Mode in which country banks in general regulate their circulation—Consequences thereof—Influence of the branch bank of England in South Wales.
- CHAPTER XIV.**—System of paper circulation in Lancashire—Consequences of that system with reference to trade—Method of private banking at Manchester—Influence of the branch bank in that district.
- CHAPTER XV.**—Effect of the Bank of England circulation at Birmingham upon the banking trade there—General state of trade in that district—Mr. Attwood's opinion as to the cause of its depression—His views with reference to the currency of the country.
- CHAPTER XVI.**—Circulation of the country banks—Mr. Burgess's opinion as to their utility—His answer to the charge of their having issued to excess in 1825—Ordinary amount of their "rest"—Their views with reference to one-pound notes.
- CHAPTER XVII.**—Joint-stock Banks established in the country—Mr. Stuckey's Joint-stock bank and its branches in the counties of Gloucester and Somerset—Management of their circulation—Importance to country banks of the power to issue their own notes—Influence of the branches of the Bank of England in that district—Joint-stock Bank at Manchester.
- CHAPTER XVIII.**—Improvements suggested—Opinions of Mr. Horsley Palmer with reference to the projects of making the Bank of England paper a legal tender in the interior of the country—Of confining the paper currency of the kingdom to notes of the Bank of England—Of having only one issuing company, and that directed exclusively by commercial individuals—Of obtaining security for the conduct of the bank—Of publicity of accounts—And of giving a legal control over the bank to his majesty's ministers.
- CHAPTER XIX.**—Opinions of Mr. Stuckey with reference to the preceding proposed alterations—Improvements as to country banks suggested by Mr. Stuckey, Mr. Forster, and Mr. Wilkins.
- CHAPTER XX.**—Opinions of Mr. Norman as to the propriety of making the notes of the bank a legal tender in the country—As to the limitation of issues to one bank in London—The publicity of the affairs of the bank, and the expediency of security being given for country bank issues.
- CHAPTER XXI.**—Opinions of Mr. Carr Glyn with reference to the expediency of making the Bank of England paper a legal tender in the country—Of having only one bank of issue in London—Of publicity of the bank accounts—Of exacting security for their issues from country bankers—And of altering the time for the payment of dividends on a certain portion of the public stocks.
- CHAPTER XXII.**—Opinions of Mr. Loyd with reference to the proposed limitations of the paper currency of the kingdom to notes of the Bank of England—The expediency of having only one bank of issue in London—Of obtaining security for the conduct of the bank—Of publicity of accounts—And of repealing the usury laws.
- CHAPTER XXIII.**—Opinions of Mr. Gurney with reference to the projects of making the Bank of England paper a legal tender in the country—Of having only one bank of issue in the metropolis—Of obtaining security for the conduct of the bank, and of publicity of its accounts—His objections to the establishment of Joint-stock Banks, and branches of the Bank of England.
- CHAPTER XXIV.**—Opinions of Mr. Tooke with reference to the projects of making the Bank of England paper a legal tender in the country—Of having only one bank of issue in the metropolis—Of obtaining security for the conduct of the bank, and of publicity of accounts—His views with respect to Joint-stock Banks, Branch Banks, One-pound Notes, the payment of the dividends, and a state paper currency.
- CHAPTER XXV.**—Opinions of Mr. Grote with reference to the projects of making the Bank of England paper a legal tender in the country, of having only one bank of issue in London, and of publicity of accounts—His views with respect to one-pound notes, and a state paper currency.
- CHAPTER XXVI.**—Opinions of Messrs. Dyer, Burt, and Smith, with reference to the exclusive privileges of the Bank of England, and the project of making its paper a legal tender in the country—Their views with respect to improvements in the system of Joint-stock Banking Companies.
- CHAPTER XXVII.**—Opinions of Mr. Burgess with reference to the projects of making the Bank of England a legal tender—Of confining the paper currency of the kingdom to notes of that establishment—And of publicity of accounts—His views with respect to a demand of security from country bankers—His objections to Branch Banks and to Joint-stock Banking Companies.
- CHAPTER XXVIII.**—Opinions of Mr. Easthope with reference to the existence of one bank of issue in London, and to publicity of accounts.
- CHAPTER XXIX.**—Observations on the improvements suggested with reference to the trade of banking in England.

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The interests of the holders of bank notes would be promoted by having as a guarantee for their redemption the double security of the promissory notes and bills of exchange, in the discounting of which they were issued, and of an equal amount of public stocks or mortgages pledged for the specific object, thus placing the certainty of ultimate, if not of immediate, redemption, beyond the contingency of commercial disasters.

The interests of depositors would be promoted by having the right at all times to draw out specie, or bank notes, and thereby to enjoy the benefits of the security afforded to note-holders; or, in case of a suspension of payment by the bank, they would have for their reimbursement, the entire amount of the assets existing in the form of discounted paper and of specie, and of such portion of the invested capital as was not pledged to the note-holders. The aggregate amount of these assets could, under no conceivable circumstances, if the fixed securities were adequate to meet the notes as they ought to be, be less than double the amount of the deposits, unless the depositors should exceed the amount of notes in circulation, a circumstance which is not likely to happen, if we can judge from the statements contained in the secretary of the treasury's report of 8th January last, by which it appears that at four periods named, viz. January 1st, of the years 1834, 1835, 1836 and 1837, the aggregate circulation of all the banks in the United States uniformly exceeded the deposits, notwithstanding the large amounts at some of those periods standing to the credit of the government.*

The interests of the stockholders would be promoted by lending their capital on the safest security to be obtained, and their credit with the greatest certainty of prompt reimbursement.

And lastly, the interests of borrowers would be promoted by lending capital to those who could give the security required for capital, for as long a term as would enable them to consummate their enterprises, and by lending credit to those who could offer the security required for credit, with such certainty, that the rejection of a good business note at 60 or 90 days could scarcely ever take place, seeing that the average daily income of the bank would be equal to the average daily demand for discounts, and would no part of it be pledged to the renewal of old notes. And here let me remark by the way, that a bank, however great its capital, should not overlook small dealers, but should imitate the example of the bank of France, which in 1836 discounted 254,635 notes (out of 406,187) for sums less than \$200 each, without losing fifty dollars in the whole course of the year. Many small dealers give more circulation to notes, than a few large ones.

Although the New York plan appears to me to be the greatest improvement in banking which has yet been introduced into our country, and which we are likely to see, so long as there exist nine and twenty separate governments authorised to grant bank charters, it possesses imperfections, like every other that has been tried. But the semi-annual statements of the affairs of each association, required by the law to be published, together with the power conferred on the chancellor of inspecting the affairs of any institution

upon the application of creditors, or shareholders interested to the amount of a thousand dollars, will apprise the public from time to time of their actual condition, and it is hardly possible, that under this law, which requires capital to be paid up, and not promises to pay, there can be any fraudulent associations organised, like many of those which have risen in some of our states under regular charters, and which have brought such calamitous losses upon the holders of their notes and stocks.

But, I am bound to say, that in my humble judgment, the system does not possess in itself any certain guarantee against over issues of paper. Private interest is always apt to influence the conduct of those who have charge of monied institutions; and notwithstanding the penalties denounced by your law for suspending specie payments, it is not to be expected that a multiplicity of banks, independent of each other, and all striving to push their credit to the utmost limits, will not at times cause great derangement in the currency, and perhaps stop payment, by departing from the rules laid down as the only safeguard against excess. I therefore entirely agree with you in the position, that without the agency of a powerful institution to keep the issues of the other banks within prudential bounds, the anticipated benefits of the new law cannot be fully realised. And this brings me to the second branch of your communication, as to "the principles on which an institution should be founded under this law; which might be made with unerring certainty, to exert a controlling influence on the exchanges by its action on the currency."

A bank with a capital of twenty or more millions of dollars, located in the city of New York, the commercial centre of the Union, designing to have the whole of it gradually invested in fixed securities, would undoubtedly possess a credit, adequate in process of time, to give the widest possible circulation to its notes and bills at home and abroad; but the extent to which she could issue notes if conducted on the principles above laid down, of discounting no paper except that representing business transactions having not more than ninety days to run, would be limited perhaps, for some time to come, to a comparatively small sum. I have no opportunity of forming an estimate of the probable amount of such paper created at New York in the course of a year, or, the proportion of it which would be likely to fall to the share of a new bank, and of course am not able to judge what would be its power over the currency. It appears to me, however, that when the average discount line of such a bank should reach five millions of dollars, it could exercise a salutary control over the issues of the other banks. This, I think, would be evident to any one who adverts to the fact, that the reduction of bank discounts and loans in the city of New York between the 1st of June, 1837, and the 1st of April, 1838, to the extent of nine millions of dollars, raised the value of the currency from a depreciation of ten per cent nearly to par.*

I need hardly say to you, who as a practical banker understand this subject so well, that the refusal of a powerful bank to join in a general race of expansion, would throw balances in its favour through the means of deposits and collections, against all the banks that should be guilty of that folly, and render them liable to a demand for specie, which the creditor bank, if it

* This position is proved thus: a bank with a capital of \$1,000,000 can only issue notes to the amount of \$1,000,000, which would be done in the discount of bills. If the deposits amount to \$1,000,000, they would be represented by specie, unless this specie was loaned out in the discount of other bills. Let us suppose that half of the deposits, that is \$500,000, were loaned out, the result would be, that whilst the note-holders would look to the public stocks and mortgages for payment, the depositors would have a fund to look to, of \$500,000 in specie, and \$1,500,000 in discounted paper.

* The discounts of the 92 city banks	
on 1st June, 1837, amounted to	\$74,351,536
And the loans to	4,092,657—38,434,193
The discounts of the 21 city banks	
on 1st April, 1838, amounted to	\$25,690,701
And the loans to	3,107,979—39,798,680
Total reduction,	\$3,705,313

faithfully performed its duty to itself and the public, could not postpone for more than twenty-four hours, thereby nipping in the bud the earliest symptoms of excess.

The point then once attained of keeping the currency of New York in a sound condition, and thereby depriving the spirit of overtrading of its usual aliment, the next question to be examined, is, what influence would this exercise over the currencies of other cities? In meeting this question, one cannot be at a loss. It is easy to perceive that the slightest depreciation of any neighbouring currency, as for instance that of Philadelphia, would show itself in a rise in the prices of stocks, bills of exchange and merchandise, over those of New York; the consequence of which would be, that those articles would be sent from New York to Philadelphia for sale, by which means the banks of the latter city would become indebted to those of the former, and a demand for payment in specie would compel them to reduce their issues until the Philadelphia currency should become as valuable as that of New York. It is from this mutual action of the currencies of the different cities upon each other, that, under a *bona fide* system of specie payments, the exchanges between them cannot long exceed the mere expense of sending coin from one place to the other; precisely on the same principles that the currencies of different countries operate upon each other, and as we shall see proved on the day that the banks of Philadelphia resume specie payments. It is not necessary to say further on this head, than simply that a sound uniform condition of the currencies of the commercial cities on the Atlantic, exercises a control over the currencies of all the interior cities and towns where specie payments in reality exist, owing to the constant demand for remittances to pay debts to the eastern merchants, which must be done in specie, if bills cannot be had at par or a little above it. A bank established upon the plan here suggested, if it could attain an average discount line of ten or fifteen millions of dollars, which it might do, by discounting Boston, Philadelphia and Baltimore, as well as New York, paper, would have the entire control over the exchanges of the country through its action on the currency, and keep them so nearly at par, that the premium or discount on a bill of exchange, domestic or foreign, would never in ordinary times exceed the expense of the transmission of specie.

But in ascribing so vast a power to a bank possessing no branches, and the notes of which would consequently all be payable in New York, let it never be lost sight of, that this power belongs solely to the elastic principle of the bank, which can only be preserved by a strict adherence to the rule of discounting none but business paper at short dates not renewable, and by a rigid demand of specie from all other banks against which balances accrue in the course of its daily transactions. And now we have arrived at the most difficult problem to be solved in the whole range of this investigation. How can the stockholders ensure on the part of any set of managers, an undeviating adherence to these cardinal rules? Upon this subject there will of course be a variety of opinions. Some will imagine, that restricting the rate of dividends of the bank to a specified moderate rate would effect it, by taking away all motives for expansion. Others may fancy that prohibiting discounts to the managers would be effectual; and some may suppose, that making the managers liable in their individual capacities for losses resulting from a departure from their instructions, would accomplish the object; but who would render gratuitous services under such a responsibility? For myself, I should prefer a plan resembling somewhat the one recommended for the Bank of Eng-

land, by Mr. S. Jones Loyd, in his first pamphlet in reply to Mr. J. Horsley Palmer. It would be that of having two sets of managers, each elected by the stockholders, independent of each other, one a board of trustees to superintend the investment of the capital, and to determine from time to time the amount that should be loaned out on discount, so as to avoid at the threshold the danger of an over issue in case a spirit of speculation should give rise to an undue extension of business; the other a board of directors to decide upon the choice of the paper.

This is not the place for a detailed plan for such an institution, but it appears to me, that if the trustees and salaried officers were prohibited from borrowing from the institution directly or indirectly, as the managers of the principal Savings Bank in this city are, and if the salaried officers were appointed by the trustees and not by the board of directors, and the president and cashier were invested with an absolute veto upon discounts made in manifest violation of the standing rules, a safe and prudent management of the institution might be calculated upon, especially if these rules were made stipulations in the articles of association, and thus not alterable by trustees or directors.

I find, dear sir, that I have extended this letter to a much greater length than I anticipated when I began it, but the difficulty of making myself intelligible in fewer words, must be my apology. If it be found to contain opinions which generally coincide with your own, it will be to me a source of much gratification, believing as I do, and have believed during the seventeen years of our acquaintance, that your practical experience as a banker, and your familiar knowledge of the principles of finance, give your judgment in such matters, claims to the highest respect.

I am, dear sir, very respectfully,

Your obedient servant,

CONDY RAGUET.

LETTER

From the late Isaac Bronson, Esq. to a member of congress, dated

NEW YORK, 1832.

DEAR SIR—As there seems to be an impression on the public mind, that the banking system here is rendered safe by means of the Safety Fund, I presume it will not be considered as out of place while you have under consideration the subject of a national bank, if I state to you the opinion I entertain of the nature and extent of the influence of the Safety Fund law upon the banking interest of this state. The object which the framers of that law appeared to have in view, was the creation of a fund to indemnify the creditors of broken banks for any deficiency there might ultimately be on winding up their concerns. The supervision of commissioners, it was supposed, would have a tendency to render the failure of banks less frequent, and possibly prevent it altogether. The public expectation in this respect may be realised, if the deficiencies do not exceed the amount of the fund; and if the commissioners can restrain each bank from issuing more than its proportion of paper, the failure of individual banks will not be likely often to happen. But it is not perceived how the commissioners or the Safety Fund are to have any influence in preventing all the banks in the state from suspending payment at once. The amount of paper which the banks are allowed by law to issue, is at least six times as much as they can keep in constant circulation. If the restraints of a national bank were to be removed, and a favourable state of exchange to continue for a considerable time, to suppose that all the

banks would not continue to issue paper until it returned upon them accompanied with a demand for specie for exportation, is as absurd as to suppose a falling body would not continue its course until it met with resistance.

The banks may have taken good security for all their loans—may be perfectly solvent; indeed, if they had all the property in the state, it would be of no avail—they must stop. As they will not have issued the amount allowed by law, the commissioners will have no right to impose any restraints upon them in that respect—they will be able to show valuable equivalents for all they have issued. *But still they must all stop payment.* This was the condition of the country banks in England in 1825, when more than 100 of them actually failed, and every one would have done so if the government and the Bank of England had not interposed. The investment in joint stock companies and other speculations, to which the excessive issue of paper gave rise, and which failed altogether, amounted in one year to upwards of seventeen millions of pounds sterling!!

In 1814, in this country, in consequence of the war, there was no specie wanted to make remittances abroad, and none at home except for small change; the banks in this state and all south of it went on issuing paper without dreaming that they had put forth too much of it: why should they? They found there was no demand upon their vaults. As commodities rose in price, more currency was wanted to purchase them; and if nothing had happened to indicate a difference between the value of specie and paper, they might have continued to increase their issues without end, in the belief that such increase was called for by the increased price of commodities—for while a paper dollar would exchange for a specie dollar, it was not to be expected the idea of depreciation could have got admission amongst a board of directors.

If the eastern banks had continued to issue with the same freedom, so as to prevent the creation of a balance either way, to be called for in specie, the secret of over issues would never have been discovered, until revealed by the renewal of our foreign intercourse, when the whole system would have exploded at once, instead of only a part of it.

Our commercial connections are with countries so remote, that a considerable period must elapse before an excessive issue of paper will be manifested by the exchanges. An actual rise in the price of commodities may take place and continue for a long time, before it will be known that it proceeds from that cause. The first notice the merchants will receive of it will be from their correspondents abroad, that their cargoes have sold at a loss, and that the proceeds, when invested in foreign commodities, have not been sufficient to pay for the return cargoes, and consequently left them in debt. The receipt of this intelligence will suspend further exports: but the imports will probably continue until the balances which will be due abroad will be greater than the amount of specie at home.

As nothing else can now be sent abroad, the debts must remain unpaid, or the banks will be stripped of their specie to pay them, and thus be forced to suspend payment themselves. It is believed that the confidence induced amongst the banks in each other's stability, by the imagined security afforded by the Safety Fund, will have a most direct tendency to lead them into this difficulty, and how is this Safety Fund to help them out of it? Let it be remembered that this fund is not specie, nor is it any thing which will command specie, for that article will have left the country. It may, it is true, be brought back, but not until the banks, by calling in their notes, shall have so reduced the price of

commodities, as to make it the interest of the merchant to export them instead of coin, and order the return to be made in coin instead of commodities. But innumerable must be the bankruptcies which this process of regulating the currency will occasion, and an universal derangement in the economy of business, while it is in operation. FROM THE NATURE OF THINGS, THIS MUST BE THE RESULT OF OUR PRESENT BANKING SYSTEM, WHEN ACTING INDEPENDENTLY OF THE CONTROLLING INFLUENCE OF A NATIONAL BANK.

The city of New York is to commerce, as the heart is to the human system: if the circulation be sound there, it cannot be long deranged in the extremities: but if it is unsound there, the whole mass will become deranged. It is therefore of vital importance, that the state of New York should at all events preserve a sound currency; but it never can with its present system, unless the United States create a bank, so constituted, that its own existence shall be made to depend on the exercise of such a controlling influence over the circulation of other banks, as to preserve the whole in a sound condition.

From the New York Journal of Commerce of May 15.

A GREAT BANK.

It is quite a general opinion, that a great institution ought to be established in the commercial capital of the country. The way is open now, under our general bank law, which affords every possible facility. The whole country calls for a movement. A bank rightly constructed, would be important to the city, and useful to every part of the country. In our opinion, a very great amount of capital is not at all necessary. It is a great credit which is wanted, and that alone which can be used to advantage. The capital of the country lies better now, and is more useful than it would be if paid into a bank, in as much as long loans are more useful than short ones. One of the worst features of our system is, that so much capital is invested in banks and issued on short loans. The quantity of capital cannot be increased by banks. It is by their credit alone, that they are useful. This it is easy to see. If we were to take ten millions of dollars from its quiet resting place on bond and mortgage, or other permanent uses, and construct a bank with it, the sum would still be unaltered in quantity, and if re-loaned to the same individuals from whom it was drawn, it could by no possibility do more than to place them in possession of as much money as they had before. They would in fact be worse off, in as much as their new loans being for sixty days, would require renewal six times a year, and so make a good deal of labour, besides that whenever money should become scarce they would certainly be called on to pay up more or less. If a merchant hires money for five years, his affairs for that time are placed beyond the reach of pecuniary fluctuations, but if he hires for sixty days, he is sure to have his other troubles increased in time of scarcity, by being called upon to pay his loan. The banks and the merchants are sure to want money most at the same time. Money loaned for long periods, while it is worth more to the borrower, earns more to the lender. If capital is paid in at intervals of sixty days, it will of course lie on hand idle, more or less, besides that, when money is plenty, there will be more payers than borrowers, and large sums will be likely to be paid up, to lie on hand earning nothing. It is better for the borrower to pay seven per cent. for money at terms of five years, than to pay six per cent. for it on terms of sixty days; at the same time the lender on long periods at six per cent. will find his earnings in the long run, equal to those of

capital loaned on short periods at seven. It is plain therefore, that to remove capital from long loans to short ones, as is the case when it is placed in banks, is to do a public mischief both to lenders and borrowers. But capital, while so disposed in permanent loans as to be most useful to all parties, may also be made the basis of credit, and so do a benefit to the community against which there is no offset of mischief.

Let the rich men therefore permit their capital to remain where it is. But let them bring their securities together, their bonds and mortgages and their stocks, and surrender them to the bank and take bank scrip in their stead. It matters not much, whether the amount be 20 millions or 50 millions. Either sum secured as the estates of Mr. Astor, or Mr. Bronson, are secured, would constitute a credit not to be shaken. A capital so invested would create a much stronger credit than an equal amount placed in the common manner. It could not be lost by the mismanagement of the directors. The business of a bank so constituted, would be comparatively even and steady. It would not have so large sums idle on hand in times of plenty, and so would be comparatively exempt from the temptations to push out such idle sums into use by dangerous means. Its whole daily business would be less in amount. A capital of twenty millions paid out and paid in every sixty days, would of itself constitute exchanges to the amount of two hundred and forty millions. If any person doubt whether a bank can do business successfully without capital, let him look at the Bank of England, incomparably the most powerful money machine in the world. It has no loose capital, not a pound. Its whole capital is permanently invested, and much more than all. Its credit is the mighty power with which it controls every thing. A bank constituted as we have proposed, would in the first place be secure, that is, the regular earnings of its capital would go on uninterrupted and unimpaired by accident. In addition to that, it would have whatever was earned in its business over and above its expenses—its deposits, its issues, its premiums on exchanges, &c. &c. We have no doubt, that such a bank would be more safe, more easily managed, would excite less jealousy and ill will, would more effectually counteract irregularity in other banks, would be more powerful for all good ends, and less so for those which are evil, in every way more useful to the public and more profitable to the stockholders, than a bank with an active capital. We should be rejoiced to see such an institution started here immediately. But a bank with an active capital of thirty or forty millions, we should consider a curse rather than a blessing.

From the New York American of June 15.

We believe Mr. Webster's comprehensive scheme of restoring to the country its accustomed mode of receiving and disbursing the public revenue, must prevail—that by the agency of banks and bank notes.

We presume the further steps will be adopted of immediately re-appointing deposit banks, and of authorising the receipt of notes of specie-paying banks, even although they issue bills under \$5—and then we shall be in about as good a condition, as, without a great regulator, it is possible to be. We wish the capitalists of New York would go to work in earnest to furnish this regulator, as we believe they might do with entire ease and certainty. An associated bank here of some fifty millions would furnish all the power and means for controlling and regulating the issues of banks elsewhere, and of restraining the fluctuations of the domestic exchange. If the federal administration

should adopt such a bank as their fiscal agent, its success would be beyond peradventure, while all the objections, and they are manifold, to a connection between the government and any bank of the United States would be obviated. Even if not adopted as a fiscal agent, the large bank in New York would, from the tendency of all business to this city, and its metropolitan character and interests, in fact regulate the domestic exchanges almost as readily as though it were a government bank, receiving and disbursing the public revenue in all quarters. As a matter of fact, the notes of such a bank would be equal to specie in every part of the United States, since, as a general rule, every part is habitually in debt to New York.

We are encouraged to hope, from some recent demonstrations, that a bank of this sort, to be undertaken and conducted on sound principles, and by sagacious capitalists, may yet be forwarded under the law of this state.

MR. BIDDLE'S LETTER TO THE NEW YORK BOARD OF TRADE.

"BANK OF THE UNITED STATES, }
May 31, 1838. }

"To Messrs. Gabriel P. Disoway, Thomas Denny, Jr.
W. Leavitt, Meigs D. Benjamin.

"GENTLEMEN—Your favour of the 19th instant, accompanying the resolutions of the Board of Trade of the city of New York, requesting that this bank 'should locate a banking company in this city at the present auspicious time,' and adding, 'that our recollection of the liberal system pursued by the former Bank of the United States, renders us peculiarly solicitous that a large banking institution should be established here under the general banking law, which shall be managed with the same enlarged views, and the same enlightened and liberal policy,' was duly submitted to the board of directors. They are deeply sensible to the expressions of good will toward the institution, conveyed in the resolutions of the Board of Trade, and very cordially reciprocate them to the commercial community of New York, with whom this bank has been so long and so satisfactorily connected.

"The board of directors, however, delayed their decision on the subject until they could learn the final action of congress upon the financial measures in contemplation—on the result of which so much of the business and banking operations of the country depend. The repeal of the specie circular by congress, which took place yesterday, is deemed the commencement of a more harmonious relation between the banks and the government, and the board of directors hasten to show their confidence in it, by renewing their connections with your city. Accordingly, I am instructed to apprise you that they will, at an early period, make the necessary arrangements for such an establishment as you request. In the mean time, I have the honour to be, very respectfully, yours,

N. BIDDLE, President."

[So important were the contents of this letter considered by the officers of the Board of Trade, that an extra meeting was called at 12 o'clock, to resume the consideration of the subject.

The meeting thus summarily convened, was numerously attended, and Mr. Disoway, from the committee, reported its proceedings, and read the correspondence. It was received with the liveliest demonstrations of satisfaction—the declaration of Mr. D. that the present is the brightest day that has dawned upon New York

for a twelvemonth, being loudly cheered by the meeting.]—*New York paper.*

The *New York Daily Whig* says—"It would appear that the Bank of the United States intend opening a branch in Rochester and Buffalo, under the new bank law. This intelligence has proved exceedingly acceptable to the enterprising merchants of those cities. They know the spirit of the Philadelphia financier, and they would hail the day which sees the return of that gentleman to the towns in question."

From the *N. Y. Journal of Commerce* of 37th June.

PRIVATE BANKING.—We understand that the \$5,000,000 dollars bank which has been projected here under the general banking law is soon to go into operation, and that J. W. Olcott, Esq. of Albany has been chosen president and accepted the appointment.

MICHIGAN STATE LOAN.—It is stated in the *Detroit Free Press*, that the loan of \$5,000,000, for the purpose of internal improvement in that state has been negotiated. \$250,000 were paid on the signing of the contract; a like sum is to be paid on the first of August next, and \$100,000 on the first day of each month thereafter, during the present year. The subsequent payments are to be made quarterly, in the sums of \$250,000 each, until the entire amount is received by the state.

No mention is made when, or where, it was negotiated, by whom, or on what terms. Indeed, the *Free Press* only gives the information above, after numerous enquiries in regard to the subject. It seems to have been a queer transaction.—*Buffalo Com. Adv.*

NEW YORK STATE LOAN.—The second loan of \$500,000, advertised by the commissioners of the canal fund, for the enlargement of the Erie Canal, was taken on the 15th of June, by Messrs. PRINZ, WARD & KING, at \$100 75-100 for each \$100 of 5 per cent. stock, redeemable after 1835.

NEW YORK, June 27.—The sales on the stock exchange indicate an advance of not above one or two per cent on an average, as compared with prices before the rejection of the sub treasury bill was known here. The explanation is, that this result had been confidently anticipated, and so the chief advance took place before the vote was taken.—*Jour. Com.*

It was stated in the senate on Tuesday last, that all the banks in the Union, except those in Missouri, Arkansas, Indiana and South Carolina, have issued or paid out notes of a less denomination than \$5, since the act of June '36. Consequently the notes of the banks in those four states only can be received in payment of the public dues, unless the law be altered.—*Alex. Gazette.*

THE DEPOSITE BANKS.—The *Baltimore Chronicle* says—"We learn, upon what we consider unquestionable authority, that nearly all the balances due to the government by the deposit banks have been paid into the treasury, except those held by the banks in Alabama and Kentucky. The depositories in the two latter states being the state institutions, the balances due from them may be considered entirely safe. We understand, from the same well informed source, that half a million of renewed merchants' bonds have been paid within the last ten days, an honourable evidence of the integrity and solvency of our merchants."

SALES OF STOCK AT PHILADELPHIA.

June 25.			
\$350	37 State five, 1853,	101½	100
\$1000	Treasury notes, 5 per cent.	101½	100
10 shares	Girard Bank,	51½	50
100 "	Com. Bank, Natchez,	85	100
20 "	Vicksburg Bank,	78	100
15 "	Philadelphia Loan,	22	
50 "	M. & T. Loan, 90 days,	19	
50 "	Southern Loan,	23	20
July 2.			
\$18000	Draft on New York.	101	100
\$2750	74 State five, 1854,	102½	100
170 shares	U. S. Bank,	121	100
11 "	Schuykill Bank,	50½	50
11 "	Girard Bank,	52½	50
24 "	"	52½	
4 "	Northern Bank, Ky.	84	85
10 "	Vicksburg Bank,	82	100
12 "	M. & T. Loan,	19	
\$4500	Lehigh Sixes, 1845,	99½	100
500 "	" 1839,	98½	
12 shares	Camden & Amboy,	131	100
80 "	"	130	

SALES OF STOCK AT NEW YORK.

June 23.			
900 shares	Delaware & Hudson Canal,	82½	81½
130 "	N. O. Mech. & Traders,	90	92
10 "	Boston and Providence R.R.		104½
18 "	Utica Railroad,		120½
125 "	Stonington Railroad,	49	50
350 "	Long Island Railroad,		58
June 30.			
890 shares	Del. and Hudson Canal,	83	83
50 "	Kentucky Bank,	96	95
50 "	New Orleans Gas,		91
105 "	Mohawk Railroad,	73½	72½
40 "	Patterson Railroad,		60
150 "	Harlem Railroad,	67	66½
365 "	N. J. Railroad & T. Co.	104½	104
640 "	Stonington Railroad,	54	51
90 "	Long Island Railroad,		59

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

June 23.			
Bills on London, 60 days sight,	9	a 9½ p. cent. prem.	
" France,	"	5 17½ a 5 20 fr. p. doll.	
" Holland,	"	39½ a 40½ cts. p. guilder.	
" Hamburgh,	"	35½ a 36 cts. p. m. c. b.	
" Bremen,	"	79½ a 79½ cts. p. rix doll.	
" Boston,	"	par a ½ discount.	
" Philadelphia,	"	1½ a 2 do.	
" Baltimore,	"	2 a 2½ do.	
" Richmond,	"	3½ a 4 do.	
" N. Carolina,	"	5 do.	
" Charleston,	"	3½ a 4 do.	
" Savannah,	"	6 a 8 do.	
" Augusta,	"	6 a 8 do.	
" Mobile,	"	12 a 15 do.	
" New Orleans,	"	6½ a 7½ do.	
" Louisville,	"	5 a 6 do.	
" Natchez,	"	20 a 22 do.	
" Nashville,	"	15 a 20 do.	
" Cincinnati,	"	4 a 5 do.	
" St. Louis,	"	8 a 10 do.	
" Michigan,	"	10 a 12 do.	
" Detroit,	"	4 a 5 do.	
American gold,		7 premium.	
do. new coinage,		per a ½ do.	
Spanish dollars,		2½ a 3½ do.	
Carolus do,		5 a 6 do.	

Mexican dollars,	per a 3
Half dollars,	par
Five-franc pieces,	93 a 94 cents each.
Doublons,	\$16 25 a \$16 35 do.
do. patriot,	15 60 a 15 70 do.
Sovereigns,	\$4 85 a 4 90 each.

June 30.

Bills on London, 60 days sight,	8 a 8½ per ct. prem.
" France,	5 25 a 5 2½ fr. p. doll.
" Holland,	39½ a 40 cts. per guilder.
" Hamburg,	35½ a 35¾ cts. p. m. ba.
" Bremen,	79 a 79½ cts. p. rix doll.
" Boston, at sight,	½ a ½ per cent. dis.
" Philadelphia,	1½ a 1½ per cent. dis.
" Baltimore,	1½ a 2 do.
" Richmond,	3½ a 4 do.
" N. Carolina,	5 do.
" Charleston,	3½ a 4 do.
" Savannah,	6 a 8 do.
" Augusta,	6 a 8 do.
" Mobile,	12 a 15 do.
" New Orleans,	6½ a 7½ do.
" Louisville,	5 a 6 do.
" Nashville,	15 a 20 do.
" Natchez,	20 a 22 do.
" St. Louis,	8 a 10 do.
" Cincinnati,	4½ a 5 do.
" Michigan,	10 a 12 do.
" Detroit,	4 a 5 do.
American gold,	7 premium.
do. new coinage,	par a ½ do.
Spanish dollars,	2½ a 3½ do.
Carolus do.	5 a 6 do.
Half dollars,	par
Mexican dollars,	½ a 1
Five-franc pieces,	93 a 94 cents each.
Doublons,	\$16 35 a \$16 40 each.
do. patriot,	15 60 a 15 70 do.
Sovereigns,	\$4 85 a 4 90 each.

WEDNESDAY, JULY 4, 1838.

THE LATE ISAAC BRONSON, Esq.—Departed this life on the 19th of May last, at his country residence at Greenfield, Connecticut, in the 79th year of his age. Isaac Bronson, Esq., of the city of New York, a gentleman extensively known for his intimate acquaintance with the principles of banking, currency and finance, and the same, whose last letter on his favourite subject, written to a friend, will be found in this number of the Register. The following short biographical notice of this respectable and much lamented citizen, has been furnished at our solicitation, by a distinguished gentleman of New England, who enjoyed for many years an intimate and confidential acquaintance with the deceased, and whose opportunities of forming a just estimate enable him to speak with certain knowledge of his worth and financial skill.

In corroboration of what this gentleman asserts in reference to Mr. Bronson's sagacity and foresight, we publish on another page, a letter written by him in the year 1832 to a member of congress, predicting what has since actually occurred, and as an additional evidence of the same, we can assert as within our own knowledge, that the late suspension of specie payments at an early day was foretold by him, before the subject had been even hinted at by any individual in Philadelphia with whom we had conversed.

OBITUARY NOTICE.

Isaac Bronson, Esq., was a native of Middlebury, a small township in the county of New-Haven, in Connecticut. His father was a farmer of very respectable character, and often a member of the Connecticut legislature. A small farm was his only source of revenue, and the expenses of his family required all his industry and economy for their support. For this reason neither of his sons received a collegiate education; but they had the best advantages which his limited means would afford. There are few country places where intellectual culture was so generally and successfully sought as in Middlebury. The people were considerate, industrious, and moral; and united their efforts to provide means for the general diffusion of valuable knowledge among themselves. Few persons of regular education were more familiar with the history of the world, and with those branches of information which constitute useful and practical intelligence. The influence of such a community was favourable to the development of the talents and virtues of youthful minds, and doubtless had a salutary effect in forming the character of Mr. Bronson. While a youth he pursued the study of medicine with the late Dr. Lemuel Hopkins of Hartford—a gentleman highly distinguished in his profession—and entered the army as a junior surgeon early in the revolutionary war; in which service he continued until the peace of independence. About the year 1792, having abandoned the profession of medicine, he went with his family to Philadelphia, and after about two years residence in that city removed to New York, where he continued settled till his death.

In 1796 he purchased the beautiful seat of the late President Dwight, on Greenfield Hill, in Connecticut, for a summer residence, to which he retired with his family during a large portion of every year. In this place he died on the 19th of May last, in the 79th year of his age.

Mr. Bronson was distinguished for uncommon intellectual power, and the most scrupulous integrity. Upon every subject to which his attention was at any time directed, his views were clear and profound. His large fortune was the fruit of financial wisdom. Among other items in his extensive field of business, was a monied institution in Connecticut, of which, for near thirty years he had the entire control. This he made a sort of laboratory, for illustrating his favourite system of banking. Simple as that system is, and long as he laboured to evince its utility, it has but recently commanded public attention. Its outline is this. He never discounted paper at his counter for a longer credit than sixty or ninety days, and would not in any instance, consent to a renewal; consequently after the bank had been a short time in operation, the payments made on the discounted paper would equal the emissions of bank bills. Thus the means of redeeming all the paper he issued would soon become ample, by the fruits of discounts only, without the employment of any capital. Every bill which remained in circulation, would soon be represented by its equivalent in specie in the vaults of the bank. During all this time, he would be gra-

dually investing, on good security, and on half yearly interest, the specie capital of the bank; so that two classes of customers would be accommodated—those who needed discounts of sixty or ninety days with bills advanced on indorsed notes, at the counter; and those who wanted loans, for months or years, with the specie capital, on giving safe security. The specie capital was all soon lent on half yearly interest; and the discounts could be indefinitely extended as they supplied the means for redeeming all the bills of the bank, without resort to the capital. The revenues of the bank, from these two sources, made an average dividend of *ten per cent.* yearly, during the whole of Mr. Bronson's administration. This bank, without resort to its capital, although its discounts were liberal, was one of the few which sustained specie payments during the last war with England. An exception, however, occurred for a few days in consequence of the specie being withheld by a bank in New York, where it was deposited to avoid the enemy, whose ships were hovering on the defenceless harbour where the bank was located.

The bill-holder had a double security—the specie in the vaults and the invested capital. The stockholders had the same. The borrowers were accommodated in a manner which the common system does not admit. By keeping the specie, resulting from discounts, resting in the vaults; an accumulation of the amount of currency in circulation, and the consequent augmentation of prices, if the system were general, would be prevented to a great degree. The banks would be subject to commerce, not commerce to the banks. The laws of trade would be supreme, and less subject to the artificial influence of paper money. Bereft of the use of their capital, and prohibited from renewing discounted paper, the banks would be comparatively powerless in stimulating to that speculation and extravagance, which has so often resulted in extensive desolation. In short, the system which Mr. Bronson practised, if generally adopted, would produce all the benefits, with comparatively few of the evils, of monied institutions. The demonstration which he gave the world by his long and laborious efforts of the practicability and superior utility of that mode of operation, ought, long since, to have given it a decided preference over every other in the public mind. It has been partially adopted in the act lately passed by the *empire state*, and must ultimately become universal, if the nation is saved from the convulsions so often resulting from the present system.

Mr. Bronson's discernment in whatever related to political economy, has been seldom equaled. He would foretel the effects of a given measure upon the general system of trade, with all the precision of a history of past events. The fulfilment of his predictions, in regard to the result of any momentous step taken by the banks or by the government, has seemed almost to indicate the supernatural gifts of prophecy. No political bias, or regard for public opinion, or sinister motive connected with his own interest, ever seemed to influence his judgment. In all his opinions and actions he aimed at truth and rectitude. Hamil-

ton and other distinguished men connected with the federal government in its early annals, confided in his talents and virtues; and often consulted him, with great deference for his opinions, especially in regard to its financial interests.

Mr. Bronson's liberality was great, but little known to the public. Whenever he conferred a favour, he endeavoured to conceal it from the world, and, if possible, from the individual on whom it was bestowed. But the writer of this memoir from a long acquaintance with certain branches of his business, has knowledge of his munificent charities to a very great amount. In his own family he was beloved for all that could endear a husband and father. About seventeen years ago he devoted his attention to the Christian religion, and has ever since entertained a full conviction of its truths. He died in the hope of a happy immortality through the merits of the Saviour.

His great age cast no shade over his mental powers; but they continued in unclouded strength, to the close of his life.

We this day commence the second volume of the Register. New subscribers can be supplied with the first volume half bound or in sheets. For the information of those who have not seen it, we state that it contains,

The Bullion Report of the British Parliament of 1810.

The seven British pamphlets on the late money crisis, by J. Horsley Palmer, S. Jones Loyd, R. Torrens, Samson Ricardo, J. Horsley Palmer, W. Bannison, and David Salomons, reviewed in the Edinburgh Review for April, 1837, with the review itself.

Mr. Nicholas Biddle's five letters on the currency, addressed to Mr. Adams.

The seventeen essays which were published last year in the National Gazette, under the signature of "An Examiner."

A copy of the acts for the distribution of the surplus revenue, of the specie circular, and most of the acts passed at the extra session of congress.

The monthly statements of the Bank of the United States for the year 1837.

Official statements of the condition of all the banks of the United States at the latest dates.

The report of the director of the mint for 1837.

The reports of the secretary of the treasury of September and December, 1837, and various other public documents required for occasional reference.

The work of Mr. Quin, on the trade of banking, which we this day commence, and which will be regularly continued until it is finished, fills upwards of 400 pages of the English edition, and costs in London fifteen shillings.

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"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money*.

Vol. II.

WEDNESDAY, JULY 11, 1826.

No. 2.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 4.)

CHAPTER I.

Origin, privileges, and functions of the Bank of England—its power with respect to private bankers.

I. ORIGIN.

Considerable embarrassment having been experienced by the government, in its endeavors to meet the exigencies of the public service soon after the accomplishment of the revolution of 1688, Mr. William Patterson,* a Scottish gentleman of eminent ability and enterprise, proposed to the treasury to raise, for its accommodation, upon certain terms,† a voluntary loan of one million two hundred thousand pounds. His project having been accepted, the loan was realised; and under the authority of the 5th and 6th W. and M. c. 20, [1694,] a charter was granted to the subscribers, by virtue of which they were incorporated under the denomination of "The Governor and Company of the Bank of England." Under the provisions of the same act, the sum thus raised was advanced to government at a specified rate of interest; in addition to which, a sum of four thousand pounds per annum was allowed to the bank, for the management of the public debt and the payment of the dividends.

II. PRIVILEGES.

Upon the security of the capital thus lent to the state, the bank were authorised by their charter to issue notes, convertible on demand into gold. The charter, which fully specified the powers of the corporation, and the mode of managing their affairs, was redeemable upon the expiration of twelve months' notice, to be given after the 1st of August, 1705. The period of notice was [1697] subsequently extended to the 1st of August, 1710,‡ and

* McCulloch's Commercial Dictionary—Art. "Bank of England."

† Subsequently comprehended in the charter.—See Appendix, A.

‡ 8 and 9 W. 3, 20.

next [1708] to the 1st of August, 1732.* A further sum of £400,000 was advanced by the bank to the government; and it was provided,† that during the continuance of the corporation, it should not be lawful for any body politic, other than the Bank of England, or for more than six persons united in partnership, in England, to borrow, owe, or take up any sum of money, on their notes payable at demand, or at any less time than six months from the borrowing thereof.

Under the authority of various other acts,‡ [1713 to 1816,] more or less connected with the bank, the charter has been from time to time extended or renewed, and the rights and privileges of the corporation have been secured in very strong terms.

The bank has been recently [1826] further authorised to establish branch banks§ in the country; and although banking companies consisting of more than six partners may now|| be formed, upon the joint-stock principle, yet in deference to the privileges of the Bank of England, such companies have been prohibited from issuing notes payable on demand in London, or within sixty-five miles of it,¶ and from drawing bills on London, or making notes payable there, for less than fifty pounds.** The notes of the Bank of

* 7 Ann, c. 7. † 7 Ann, c. 7.

‡ 12 Ann, stat. 1, c. 11; 3 G. 1, c. 8; 8 G. 1, c. 21; 1 G. 2, c. 8; 2 G. 2, c. 3; 15 G. 4, c. 13; 19 G. 2, c. 8; 4 G. 3, c. 25; 21 G. 3, c. 60; 39 and 40 G. 3, c. 28; 48 G. 3, c. 4; and 56 G. 3, c. 96. See also the loan acts, and those relating to the public securities; the public balances in the hands of the bank; restriction and resumption of cash payments; restraining the negotiation of promissory notes under a limited sum; the circulation of tokens; the protection of the property of the bank; the punishment of persons guilty of forgery, and of counterfeiting tokens; those regulating the mode of transacting business with the bank, in relation to accounts to be opened there for greater security. The mere titles of these various acts extend to about 300 pages of the general collection of statutes.

§ 7 G. 4, c. 46, s. 15. || 7 G. 4, c. 46.

¶ But country banks, consisting of a number of partners under six, though they cannot issue notes in London, or within sixty-five miles of it, may legally make them payable there.—Norman, § 680. See "Summary of Law," post.

** The latter part of this rule, however, has been

England are, moreover, received exclusively by government in payment of the revenue.* [Norman, 2,581.†] In the bank also are kept the deposits of government, which seldom fluctuate, in time of peace, [Palmer, 344.] below four millions upon the average of the whole year.

III. FUNCTIONS.

The principal functions which it is the ordinary duty of the bank to perform, consist in its furnishing the public with paper money, [Palmer, 181.] convertible on demand into coin and bullion, and in affording a place of safe deposit for the money of the government, as well as for that of individuals who may prefer it to a private bank.

It is not deemed desirable that, in ordinary times, the Bank of England [477.] should systematically regulate the amount of its issues, through commercial discounts in London. There are usually in the possession of the bankers of London, and other individuals, large deposits waiting for employment, with which it would not become the bank to interfere. But upon occasions when there is a scarcity of money, or when a season of commercial alarm occurs, it is then the duty of the bank to step forward to the aid of public and private credit, by discounting commercial bills. The bank, for this purpose, occasionally fix, by official notice, a public rate of interest, at which they are willing to receive approved bills of a given description. Being the only body issuing money *ad libitum*, within the sphere of the circulation of such bills, the bank defines the maximum rate of interest, by such notice, during its continuance. The consequence is, that all persons having money to employ must necessarily offer to lend it under that rate, unless, by the pressure of the moment, the market rate of interest advance to that fixed by the bank.

But in ordinary times, when there is no

relaxation in practice. Mr. Stuckey says, 947, that the cash notes of his Joint-stock company in Somersetshire are payable on demand, not only in the country, but also in London. And being asked, 952, "Is not yours the only joint-stock company that makes its notes payable in London?" he answers, "I am not aware that it is. Many bankers do not make their notes payable in London at all. I took the opinion of government and of the Bank of England on the subject, and was told by both of them that they had no objection, and it was accordingly done; but the law should be made clear." The rule, however, against a country bank having more than six partners drawing any bill upon London for less than fifty pounds, still prevails.—See "Summary of Law," *post*.

* The numbers in brackets refer to the paragraphs in the evidence taken by the committee, except where they denote the years.

† See "Summary of Law."

such scarcity of money, or when no commercial discredit exists, if the bank were to found their issue principally upon commercial bills, they would be under the necessity of entering into competition [477.] with all other parties in the purchase of bills of exchange, at the market rate of interest. Such competition would be justly deemed objectionable. [478.] All banking business is better done by private bankers than by public bodies. More facilities are afforded in the way of credit by the former, than can be offered under the existing regulations by the bank directors, who give no credit to any one, and exact an adherence to forms which are not required by private bankers.

It is admitted, that during the greater part of the war, when the interest demandable by the bank was limited to five per cent. [191, 197.] while the market rate of interest was frequently above that amount, the bank discounted commercial paper largely, and even to excess.* That, however, could only have been done under the restriction act; for if the bank had been obliged to pay in specie, they could not have discounted under the prevailing rate. The bank can never issue upon bills below the market rate, without leading to excess.

No inflexible rule indeed exists, that the bank shall not, even in ordinary times, afford accommodation to the commercial classes. But the bank do not, in general, [198.] found their issue upon commercial discounts. According to their present principles of management, they extend their assistance in that way only when any serious exigency arises. Being required to provide a requisite supply of money, for the average circulation of the sphere in which they act, it is also their duty to uphold public and private credit when called upon; and when so appealed to, it is then that the resources of a great body, like the Bank of England, may be rendered available to the commercial stability of the country.

In the latter part of the year 1825, when the great panic occurred, the discounts of the bank rose to about fifteen millions: [Norman, 2,809.] the interest was raised from four to five per cent. [Palmer, 634.] with a view to limit the issue, but it did not produce the desired effect. On other occasions it might be more successful; and it seems much better, when possible, to diminish the issue upon bills by raising the rate of interest, [Norman, 2,437.] than by capriciously rejecting a portion of the paper that is offered. [Glyn, 3,062.] Mr. Glyn being asked, whether, some years

* The bank had then at one period £23,000,000 in discounts.—Norman, 2,438.

since, the bank had not refused to discount good paper for respectable merchants who called upon them, answered, that he did not recollect any instance of the Bank of England having sent away paper which a private banker would think it proper to receive. The bank had rejected paper drawn for accommodation purposes, or for that of keeping up the price of a particular commodity. Such instances had come to his knowledge, and they had been unjustly made the subject of complaint against the bank. [3,063.] But his general impression was, that with respect to advances made on bills, the bank uniformly exercised a very wise and liberal discretion. The rate [Loyd, 3,326,] (four per cent.) at which they had discounted for several years past, has been, upon the average, higher than the current amount of interest. [3,324.] The result is, that bills usually go to other parties. In practice, [Easthope, 5,957,] the bank are not at present ordinarily applied to for discounts to any considerable extent.

IV. POWER OF BANK WITH RESPECT TO PRIVATE BANKERS.

Unquestionably the power would exist on the part of the bank, of injuring the private banker, if they chose to abuse that power. Their credit is so extensive, [Palmer, 480,] that they might probably, by improvident accommodation, drive out any private banker in their immediate neighbourhood. But although they possess that power, they cannot use it [482,] upon the principles on which their affairs are now conducted, [483,] nor does the exercise of it enter into their contemplation. [485.] The East India Company are supposed, by trading, to interfere with private industry. The Bank of England and the East India Company, however, are manifestly different in principle; the latter are traders in competition with private merchants; but the Bank of England do not offer that accommodation which the private banker affords, and therefore they can never obtain that hold upon the private business of the country, [Loyd, 3,317,] which is now possessed by the private banker. The latter, moreover, occasionally enters into transactions which the Bank of England would not undertake; and it is certainly advantageous to the public that some party should embark in them. [3,318.]

CHAPTER II.

Supreme management of the bank by the court of directors—Connection between the bank and government—Practical management—The proprietors—Opinions of the London bankers and others as to the general management of the bank.

I. SUPREME MANAGEMENT.

The supreme management of the bank re-

sides in the whole court of directors, [Palmer, 199,] any one of whom may originate a new measure. [224, 201, 206.] The court meet weekly, when a statement is read to them of the actual position of the bank, in every department of its securities, bullion and liabilities. [202.] The directors have all equal power, and should a majority of them disapprove of the system of management, [205,] they might alter it in any way they should think expedient. [201.] They are all aware of the state of the accounts, and nothing of any consequence can be done [262,] without their full knowledge and concurrence. [244.] Eight directors go out, eight new directors, elected by the court of proprietors, come in annually. [227.] The system upon which the affairs of the bank are conducted is of course liable to change, inasmuch as new directors may exercise their individual influence upon it. [247-8.] But in practice it is not found that any prejudicial effect is produced by the mode of election and change of directors. There is no regular public canvass for a seat in the court: [246,] a list of candidates sanctioned by the directors is transmitted to the court of proprietors; [248,] eight individuals on that list are recommended by the directors to be elected, and the eight so recommended uniformly come in. It is a rule in the charter (admitted, however, to be a most absurd one,) [245,] that dissenters, such as Quakers and Jews, [Loyd, 3,485,] amongst whom there are many persons eminently conversant with money transactions on a large scale, should be excluded from the direction of the bank. There has been no contested election for many years, unless it be considered as such, that one vote was given at the last election for a proprietor [Palmer, 240,] whose name was not included in the list of candidates. Before the individuals proposed to be the new directors are nominated, [253,] it is the invariable practice to scrutinise their private characters in every point of view; if the result be not perfectly satisfactory, they do not obtain the influence of the court of directors. [254.]

The qualification of a director is the possession of bank stock to the amount of £2000. For many years past [242,] the directors have not thought it right to be themselves large holders of bank stock. It is understood that no director retains more than the amount of his qualification. In the month of May, 1816, when a bonus of £2,910,600, being an increase of twenty-five pounds per cent. on the capital,* was distributed among the pro-

* See the Appendix, B.

prietors, the directors remained just as they were before—small proprietors of stock. [Palmer, 250.]

The directors only are responsible [717.] for the management of the affairs of the bank. There are certain penalties attaching to their conduct,* [718.] collectively or individually, upon certain occasions. [719–20.] But they are not responsible, under the charter, to parliament or to the public, for the correct management of the monetary system. So far as the action of the bank is concerned, [721.] the whole security which the public have for the right management of that system, depends upon the discretion of the directors, with these qualifications:—[Norman, 2,691.] that they are controlled by the obligation of furnishing notes for gold, or gold for notes; that they are necessarily restrained by the custom which prevails, of the affairs of the bank being communicated from time to time to his majesty's government, whose suggestions are always maturely considered; and that they are also, as all men in official situations must be, under the influence of public opinion. If the establishment of a more efficient control were desirable, [2,693.] some new institution, in the nature of the India board of control, might perhaps render them more amenable to the scrutiny of the legislature, the proprietors, and the public.

At the same time it should be observed, that if the mode established for the election of directors be upon a wrong principle, [Lloyd, 2,393.] it is even now in the power of the proprietors to change it. It would, however, according to Mr. Grote, [Grote, 4,754.] be difficult to devise any other mode that would tend to secure the introduction of better individuals. The practice of having what is called a "house list" is very common in many institutions; [4,753.] and that gentleman is of opinion, that the present mode of choosing the directors is better, on the whole, for the public, than any other system, by which the mass of proprietors might be enabled to interfere more effectually in the election. The solicitude of responsibility is more keenly felt by the directors towards the public in general, [4,756.] than towards their own proprietors. Although, strictly speaking, they are the sworn servants of their constituents, they conceive [Richards, 5,081.] that they can hardly perform their duty to the bank as they ought to do it, without performing a duty also to the country. "It has happened to us," says Mr. Richards, [5,082,] "to feel it our duty to our proprietors to postpone their in-

terests, in order to effect some important good to the public at large, in which their interest might be mixed up; it has not been the practice of the bank to sacrifice the wishes and the expectations of the public merely to a dry consideration of the interest of the proprietors, because they are so bleeded that it is hardly possible to keep them distinct."

The limitation of the right of election to proprietors of stock exclusively, may, nevertheless, be open to objections; but not, perhaps, [Lloyd, 3,394.] to objections which would be sufficient to justify any alterations. The public are certainly entitled to the best security which they can obtain for the management of the currency, if it is to remain under the entire control of the bank. [3,396.] But it is difficult to say whence that security can be obtained. [3,397.] The idea of electing commissioners from the general body of bankers and merchants, in addition to a person appointed by government, for the purpose of controlling the operations of the directors, has been suggested. But it is doubtful whether such commissioners would be able to give to the management of the currency any security more satisfactory than that which is afforded by the present system. That system, as it is now practically administered, furnishes due protection to the public interests; and it approaches so nearly to perfection, that if any vital alterations were to take place, they would, perhaps, be found not to be improvements. [3,398.] Within the last five or six years particularly, considerable changes for the better [3,400] have taken place in the principles, on which the directors have conducted the circulation of the country. Vacillation may be pernicious, [3,401,] yet it is better that ameliorations should keep pace with the increasing intelligence of the age, than that things should have remained where they were.

With reference to the motives to which the management of the bank might be deemed subservient, it is possible to conceive that the directors, [3,402,] acting as they do for a great body of proprietors, might occasionally have interests separate from those of the public. The purchase of the dead weight* has been supposed to furnish an instance of this description. That, however, was a transaction, upon the beneficial effects of which, either to the bank or to the country, great doubts are entertained. [3,403.] Mr. Lloyd thinks that, for both, it was "a very injudicious arrangement." [3,404.] But Mr. Ward, on the contrary, expresses it to have been his

* See "Summary of Law."

* See the Appendix, C.

opinion at the time, that in consequence of the bank being possessed of more capital, and a larger share of deposits than they had other opportunities of investing, the dead weight was the "best undertaking in which they could have then engaged." That surplus capital, and those large deposits, [Ward, 1,916,] enabled them to make the necessary advances without creating any addition to the currency. And as to the negotiable character of that security, it is asserted, [Norman, 2,402,] that there is no distinction in principle between it and exchequer bills; the sale of the latter is that of a debt, [2,406,] which is to be repaid; the sale of the former would be that of a government annuity. The dead weight would therefore be a negotiable security if it were offered in the market, [2,403,] though not quite so much so, [2,402,] perhaps, as exchequer bills, on account of these having been so long known. It never has been so offered, [2,404,] but many proposals have been made to the directors for the purchase of it. The advances made by the bank on the dead weight are, virtually, repaid by the excess of the half yearly receipts beyond the interest. [2,406.]

The other great sources of investment for their [Palmer, 347] surplus capital and deposits, upon which the directors depend, in addition to the "dead weight," are exchequer bills and occasionally commercial bills. The bank, [347,] however, hold also city bonds to the amount of half a million; some private securities; and mortgages to the amount of £1,400,000. [349.] The average amount of the government deposits of the bank has been already stated. (£4,000,000.) The private deposits of the bank [318] have increased considerably since 1825, although few [319] facilities have been granted for that purpose. The total amount of deposits in the bank, including those of the government, was, on the 31st of May last, about ten millions. The court of directors are not in the [324] habit of advancing money upon bank stock; nor do [327] they permit any party to overdraw his account. They [327] allow no interest upon deposits.

The investments are regulated with reference to the [351] whole of the deposits which remain in the bank, for [353] a term

* The government had, in connection with the act of 1819, for the redemption of cash payments, repaid to the bank a larger sum than the experience of 1820 and 1821 proved to have been necessary; and between 1822 and 1824, when the bank purchased the dead weight annuity, their deposits had increased from four to eleven millions.—See Ward, 1910, 1911, 1912, 1916, and 1919.

† See the Appendix, D.

of at least six months. In a period of full currency, [330,] two thirds of the whole of those deposits are invested in securities, and one third in bullion. In consequence of the necessity that is imposed upon the bank, of holding an amount of bullion sufficient to meet any exigency that might arise, they do not employ so [331] large a proportion of their deposits as private bankers would in securities. The greater the increase of private [332] deposits, the larger, therefore, becomes the proportion of bullion which will continue in the possession of the bank, beyond that which would have otherwise remained there. And it follows, that as deposits are made in the bank in coin or in notes, every addition to [350] them diminishes, *pro tanto*, the amount of notes or [359] coin in circulation, and acts, therefore, prejudicially to the public interests to a certain extent. There is no doubt that it would be more useful to the commercial world, [Glyn, 3,051,] if the deposits in the hands of the bank were in the hands of private bankers, because a larger proportion of them would then enter into the circulation of the country. If the present system, with reference to private deposits in the bank, were therefore extended, [3,052,] it would prove a very serious evil to the trade of London. It is this [3,053, 3,054] consideration that has restrained the bank from offering the usual facilities for obtaining advances, and over-drawing accounts, which are afforded by private bankers to their customers. The public can, in fact, have no reason for placing deposits with the bank, except the feeling of additional security. [3,057.] It is the want of confidence in the private bankers, [Lloyd, 3,308,] produced by failures, that has caused the great increase of deposits in the bank since 1825.

Mr. Lloyd expresses some doubt as to the extent of [3,309] the public inconvenience, supposed to arise from the largeness of the amount of deposits under the control of the bank. He thinks, [3,310,] that if private bankers held those deposits, they would employ them in investments, for the sake of making interest upon the money, or in accommodation to their customers; whereas the bank, he says, [3,311,] "do not retain that money in a dead state in their coffers; they throw it into the money market, and the money passes from hand to hand, till [3,312] it gets into some profitable employment." He doubts "whether that does not produce in the end as beneficial a result, as if the money had been directly so employed." The truth seems to be, that by employing in securities only two thirds of their deposits, the bank so far

gain for the proprietors less profit than would be obtained by a private banker. But the remaining one third, being issued upon bullion, is equally employed by others as part of the circulating medium of the country. The increased quantity of bullion, whether necessary to be held by the bank, or forming part of the general currency of the kingdom, is so much abstracted from *universal* circulation, and for the possession of which this country makes a certain sacrifice, measured by the value of the interest upon the same.

Mr. Easthope looks upon the whole system of the bank directors, with reference to the use which they make of their deposits, as highly objectionable. He asserts, that it is a good system for making money; but adds, "it is a most unsafe principle for the bank to go upon, because they ought to take into account whether, by that employment, they shall be enabled to maintain their credit, should that credit be put to the test by any extraordinary circumstances." In other words, he is of opinion, that the bank ought to invest no part of their deposits [Easthope, 5,819, 5,820] in any other than securities available at a moment's notice. He does not think that exchequer bills would be securities of that description at all periods. [5,824.] "It is," he says, "a matter of fact, that for a few hours (towards the close of 1825) we could not get money for exchequer bills, India bonds, or stock." The only securities which he looks upon as at all seasons available, are commercial bills of exchange, because they expire as a matter of course at a fixed day. [5,818.] If the bank could employ their money in such securities, there would, of course, be no objection to their so doing; but, upon the whole, according to Mr. Easthope, [5,832,] it would be much better that they should reduce their profits, and increase their share of bullion beyond what it has hitherto been. One of the evils of the present system would be cured by that regulation. [5,833.] The bank ought to be required to keep the sum total of the securities in their hands as nearly as possible at the same amount; and it would appear more desirable that they should be engaged in affording those facilities to commerce which depend upon the discounting of bills of exchange, [5,838,] than in making permanent advances to government, whether in the shape of exchequer bills, or any other mode.

It is a proverbial saying, that if you were going across the Royal Exchange, and asked a bank director "What o'clock it was?" he would say, "You must excuse my answering that question." But it appears, nevertheless, that where an individual has a right fairly to

make enquiry, [Gurney, 2,719,] communications are made to him freely of matters, which relate to the general conduct of the bank. Many things undoubtedly occur in that establishment, [3,721,] which it would be highly imprudent for them to disclose; but there is no improper reserve. It may be true, that they have fallen occasionally into erroneous principles of management; [Tooke, 4,072,] but they have not had the power of acting upon any fixed system till [Palmer, 270] a late period, subsequent to the year 1825, in consequence of a variety of circumstances that existed prior [271] to that time. As, for instance, from the year 1819 to 1822, the bank had to encounter the preparation for return to cash payments, and next, the conflicting character of the circulation of the country and London, governed, as the country then was, by a small-note circulation. So long as that circulation existed, it rendered the bank liable to a great sudden demand. In the two [272] last months of the year 1825, the demand upon the bank was nearly two millions and a half sterling for the support of the country circulation, when the exchanges were nearly at par, which placed the bank in a peculiar state of difficulty. The whole embarrassment of that period, with regard to bullion, arose from the magnitude of the demand, [273,] which was made almost entirely for the purpose of upholding the small-note circulation. The holders of [274] that paper were the lower orders of the people, whose fears are extensively acted upon in times of distrust: and there having been no exchange for one-pound notes but the sovereign, the demand upon the bank became inevitable. At that period the London bankers also [275] pressed very much for gold, but they served merely as the channel through which the supply was sent to the country. Since the circulation of the one-pound notes [285] has been prevented, the occasional excessive demand has been obviated.

Whatever mistakes of management the directors may fall into, [Grote, 4,750,] their commercial position excludes the idea of dishonesty. A director who has the certain knowledge [Richards, 5,039] of an intention upon the part of the bank to contract or enlarge their issues, might undoubtedly go upon the stock exchange, and enter with an immense and unfair advantage into time bargains, if he were disposed so to do. But no honourable man would do an act of that kind; and if it were known, such a man would not be re-elected.

Mr. Smith, [4,354,] of the joint-stock bank at Manchester, appears to be of opinion that

the directors of the Bank of England afford very little accommodation to the mercantile interests. We have already seen that this opinion is also, in some degree, entertained by Mr. Easthope, [5,787,] who, moreover, complains of the secret operations to which the bank have occasionally resorted, for the purpose of preventing the gold from leaving the country, which operations have interfered, as he thinks, injuriously with the speculations of private individuals. The operations here alluded to are thus explained by Mr. Horsley Palmer:

The directors have sent specie abroad on very few [213] occasions, in times of an unfavourable exchange, and chiefly for the purpose of operating directly upon the Paris exchange. Such remittances have been made uniformly in silver, consisting of bullion, [215,] different foreign coin, and bar silver. The amount has not in [216] the whole exceeded one million during the last three years. The measure has been effectual for its purpose, [217,] and has been of great public benefit in times of an unfavourable exchange. The sending of the silver bullion [220] abroad by the bank has had a more decisive effect [218] in rectifying the exchanges, than could have been brought about by remittances of private individuals; because the bank can act upon a more extensive scale than individuals can do at a given moment; and the magnitude of the operation is every thing, in times when the foreign markets may be extremely full of bills upon England. The return for the silver thus exported is obtained in bills of exchange, which are [219] purchased by the bank agent in the foreign market. An operation of this kind could not, however, be often [220] attempted, even by the bank, with success. It entirely depends on circumstances.* Nor is it to be understood, that the bank would have recourse to such a measure [221] at all times of an unfavourable exchange. They would not, for instance, send silver abroad, if there were a demand for it in the London market, to the extent required. Whenever a demand exists here at the market price, to the extent to which the bank may deem it expedient to sell, [225,] there is no occasion for them to export. But whenever there is a deficient capital at home, for the purchase of silver, then it is that the bank may, with advantage to the country, preserve the gold by the exportation of silver, and by purchasing with it the excess of bills upon England in the foreign market. The [222] operation has been conducted with secrecy, but with [214] the full

concurrence of the whole court of directors; [223,] and in making such a use of their silver, their sole object has been to protect the gold, which, in times of an unfavourable exchange, has a tendency to leave the country.

II. CONNECTION OF BANK WITH GOVERNMENT.

His majesty's government are, in general, fully acquainted with the affairs of the bank. They have [Palmer, 658-9, 660, 661, 662] no legal right to that knowledge; but they are from time to time confidentially put in possession of it. It is well understood, that, for several years past, there has been the most unreserved communication with the government, as to the principles upon which the establishment has been conducted. The [663] government give opinions respecting the management of the bank, but they do not interfere [664] with it, or advise in any way with respect to the quantity of gold to be held in reserve. They have called occasionally [665] for information, but it has been more frequently [666] volunteered by the bank. They possess no control [714] whatever with respect to it, nor have they any means of enforcing any alteration in the system of management; but any suggestions which they might make would undoubtedly be considered with the most grave attention. Previous to the peace, interference with the bank did take place, [Gurney, 3,759,] upon the part of the government, that was injurious to the country. A reasonable influence, properly exercised by the government, is highly [3,758] desirable; but it should not go beyond a regulated extent.

III. PRACTICAL MANAGEMENT OF THE BANK.

Practically, the governor, or deputy governor, assisted by a select committee of three directors, [Palmer, 262,] conducts the daily business of the bank, in the intervals [206] between the weekly sittings of the court. The governor, or deputy governor, is supposed always to be in the house, and no responsible action is taken by the committee, without reference to the former. The committee consist of the senior directors of the bank, [263,] who have passed the chair, with the exception of the director immediately succeeding in rotation to the [264] deputy chair. All bills tendered by the public, [207,] the London paper alone excepted, are laid before the select committee, and they determine upon those to be discounted. Were any considerable demand, unusual in its character, made upon the bank, a communication would

* See Chapter V.

pass between the committee and the governor, who would take such steps as he might think necessary, with the view of bringing that extra demand before the whole court, if required. The London notes* are referred to what is called the Wednesday committee, [210.] composed of nine or ten directors, who sit on that day for the purpose. There is no secret committee. [203.] There is a special committee of treasury, who may suggest any measure it thinks fit to the court; but such measure is perfectly open for discussion and determination afterwards.

The business transacted by the select committee does not include the purchase of bullion; which is always [211] bought by the governor, who considers that he has no power to refuse the issue of notes for gold bullion tendered to him at the bank, the supply of a paper currency, founded upon gold, being the main object of the institution. He does not [212] regulate the price of bullion; that has been fixed at £3 17s. 9d. for the last three years. It was formerly £3 17s. 6d., which was considered by the government too low, and they suggested the existing price. The price of silver is regulated by the course of the foreign exchanges.

When gold coin is demanded from the bank in large [308] quantities, it may be delivered in bags to almost any amount in the course of a day. But the largest amount that can be paid in one day by about twenty-five clerks, if counted by hand to the public, would be about £50,000. [Rippon, Memorandum, Ev. p. 25.] When large sums are applied for by bankers or others, the practice of the tellers is to count twenty-five sovereigns, and put them into one scale, then to count twenty-five more, and put them into the other scale; and if the accuracy of the scales be proved by their balancing, the sum is increased in each scale by counting to two hundred. The balance is again tested, and, if found exact, one of the scales is emptied, and the two hundred sovereigns in the other serve as a weight the whole day for the delivery, without further counting, of sums divisible into two hundred. In this way, a thousand sovereigns can be delivered in a few minutes; and upwards of £300,000 were paid to bankers and others on the 14th of May last.†

IV. THE PROPRIETORS.

No return has been laid before the committee of the number of shares held by each

* That is to say, bills drawn by one London firm upon another, and accepted by that other, payable at a banker's.

† One of the days of the ministerial interregnum.

proprietor; it was offered by the bank, without, of course, naming the [Palmer, 220] proprietors; but it seems to have been overlooked. A statement of the number of stockholders, properly classified, would be desirable. A proprietor must hold bank stock to the amount of five hundred pounds [241] to qualify him to vote. Whatever the right may be, in practice all the proceedings of the court of directors are not subjected to the approval of the court of proprietors. [231.] The accounts have never been laid before them. It is presumed that they are aware of the system upon which the management of the bank is conducted, and that it affords them satisfaction; since, although demands [232] have been occasionally made for the accounts, they have been rejected by such immense majorities, that there has been no possibility of entertaining the question.

V. OPINIONS OF LONDON BANKERS AND OTHERS, AS TO THE GENERAL MANAGEMENT OF THE BANK.

The London bankers, generally, appear to be satisfied with the system of management at [Sir C. Trotter, 3,188, 3,189] present pursued by the directors. Great confidence, "quite as much as is required," is placed in the bank; under [Gurney, 3,685, 3,686,] the existing plan, the management of their affairs is allowed to be "very good." During the panic particularly, in [Rothschild, 4,901,] 1825, the bank is said to have managed "very well indeed." There was a great demand for specie and for discounts; very great speculation, and a great number of private banks failing; and the bank acted "in as honest and as conscientious a manner as possible." [Richards, 4,973.] Steadiness of conduct has always been one of the first principles of the bank. But that principle has been, and ever will be, operated upon by circumstances, which neither the bank, the government, nor any set of individuals, can control. [4,976.] Derangements will sometimes arise in the immense operations of this country, which will necessarily throw things out of their equilibrium. When these unforeseen occurrences come to light, it will be found very difficult to apply to them the same rigid principle which might serve for ordinary occasions.

[Palmer, 237.] Objections may perhaps have been entertained to the management of the bank, with reference to their conduct under the restriction act, and also to the amount of government securities which they hold; but [238] no tangible complaint has ever been made, that the conduct of the bank

was capricious, with reference to their affording or withholding accommodation.

(Continued at page 32.)

REPORT RELATING TO THE ROXBURY BANK.

COMMONWEALTH OF MASSACHUSETTS.

In Senate, Feb. 23, 1838.

The joint special committee, which was ordered on the 29th January last "to examine into the doings of the Roxbury Bank, in Roxbury, agreeably to the 46th chapter of the Revised Statutes, to hear the bank thereon, with power to send for persons and papers; and report their doings to this legislature," have attended to the duty assigned them, and submit the following

REPORT:

In pursuance of the order of the legislature, your committee proceeded, on the 30th January last, to examine into the doings of the Roxbury Bank. They held their first meeting at the banking house, in Roxbury, having previously notified the president, directors, and company, to appear there.

The cashier, Mr. John Chorley, was the only officer of the bank who attended at this meeting. He was examined by the committee, and evinced a readiness to impart all the information he possessed, and submitted for inspection such books and papers as were required and within his control. Mr. Chorley was appointed in April, 1837, and gave the bond required by 27th sec. of 36th chap. of Revised Statutes, on entering upon the duties of his office, but the committee are unable to learn in whose custody this bond now remains, or if it be in existence.

There are now only three directors of the bank, viz: Gen. Adams of Roxbury, Samuel J. Bridge of Chelmsford, and Alvah Knibball of Boston, and no president. Mr. G. Adams had filled that situation from July to December of 1837, and in that capacity signed the bills which have been issued by the bank.

Among the preliminary enquiries which the committee deemed it important to make, were those touching the immediate liabilities of the bank, and its available means to meet them. On these points the committee were satisfied, that the bill-holders and depositors were then safe, and that the bills had been promptly paid when presented.

From a statement of the condition of the bank, on the fifth day of this month, furnished to the committee by the cashier, it appears that the

Amount of notes discounted is	\$91,044 92
" Bills of Boston banks	4,739 25
" Specie on hand	2,391 57
" Due from banks	497 33
	7,628 15
" Notes due and unpaid	13,377 81
" Expenses	2,401 20
" Balance of interest account due on cash book	2,854 74
	18,633 75
	\$117,306 82
Capital stock	\$100,000 00
Bills in circulation	9,806 60
Deposites	1,436 70
Discounts	6,064 13
	\$117,306 82

The result, then, of the banking operations from the 30th December, 1836, when it is alleged that the ca-

pital of \$100,000 was paid in, up to this 5th February, 1838—say thirteen months—may be thus stated:

Notes due and unpaid	\$13,377 81
Expenses	2,401 20
Balance of interest account	2,854 74

\$18,633 75

From this amount deduct the amount of discount received

6,064 13

Leaves a balance against the bank of \$12,569 63 to be collected from "notes due and unpaid."

In regard to the notes discounted and not due, amounting to \$91,044 92, the committee consider it impossible to form any satisfactory estimate of their value. From an inspection of the paper, however, and from the imperfect knowledge which the directors and the cashier seem to possess on this subject, they are constrained to believe that the item of "notes due and unpaid" is yet to be much increased in amount. In the course of the examination of the discounted paper, it appeared that the present directors and cashier knew but little about the solvency of many of the parties, and were even ignorant of the place of residence of some of them. In some cases, where reliance seemed to have been placed on the endorsers for payment, it appeared that these endorsers had taken care to write the words "without recourse" above their names. On interrogating the cashier why they were thus endorsed, he replied, that he understood that this was intended only to waive the right of notice on the part of the endorsers, and thus relieve the bank from the necessity of notifying them. The legal gentleman who was present on the part of the bank significantly remarked, that he thought there would be no necessity for notifying such endorsers. The committee concurred in this opinion.

The amount of stock notes included in the above amount of \$91,044 92 is 48,000, and loaned to eleven stockholders.

In tracing the doings of the bank from its origin to the present time, the committee, at their different meetings, have had recourse to the records of the stockholders, to scanty memoranda of the doings of the directors noted on loose pieces of paper, and to the testimony of directors, past and present, and to others who had taken part in obtaining the act of incorporation. Several of the original subscribers and petitioners were induced to become so under the belief, founded upon the assurances of others of their associates, that the bank, if obtained, should be strictly a Roxbury bank, for the use and accommodation of Roxbury people; supplying the place of the People's bank, the charter of which had been recently repealed.

The first meeting of the subscribers, 9th June, 1836, for the choice of directors, was called by Messrs. Eben. Seaver, Amos Stevens, and George Adams—persons named in the act—Mr. Seaver presided. He testified that a board of directors was then reported as chosen, differing from that which had been previously agreed upon. This circumstance, and other indications, satisfied him that a different object and opposite interests from those originally contemplated, would be pursued by those who seemed now to have a controlling influence with the associates. Mr. Seaver, after expressing himself in strong terms of disapprobation of the proceedings of this meeting, retired from the chair without declaring the vote for directors; left the meeting, and has had nothing to do with the bank since. He has never paid his subscription for his stock (60 or 70 shares), nor has he ever been called upon to pay it. Mr. Stevens testifies that he was a subscriber for stock in his own name, and in the names of his two minor

children. His name was on the petition for the bank, although he had no recollection of signing it: was dissatisfied with the course of proceedings at this first meeting, and declined all further action in the establishment of the bank—never paid his subscription, nor was he ever called on to pay. By the stockholders' records, the persons recorded as having been elected at this meeting, as directors, are Ebenezer Seaver, Samuel J. Bridge, Amos Stevens, Luke Baldwin, Samuel Guild, Joseph Adams, Roswell Gleason, G. F. R. Wadleigh, and Wm. H. Montague, and no allusion to the fact of Mr. Seaver's leaving the chair, and refusing to declare the vote. Mr. Baldwin, however, testifies that the meeting was re-organised after Mr. Seaver retired, and the business of the meeting completed. Several subsequent meetings of stockholders are recorded, at which new directors were chosen to supply the vacancies of those who had either declined serving at all, or resigned shortly after their appointment. In many instances persons were chosen directors who were not stockholders. On the 30th December, 1836, the last day but one allowed by the act for paying in the capital stock, the following persons, directors of the bank, viz: Luke Baldwin, George Adams, Samuel J. Bridge, M. Durand, G. F. R. Wadleigh, met at a room adjoining the Winthrop bank, for the purpose of having the specie counted by the commissioners, in conformity to the provisions of the 4th sec. of the 36th chap. of the Revised Statutes. The commissioners, it is presumed, having satisfied themselves as to the amount of specie then and there exhibited to them, and the directors having taken and subscribed the oath required by said 4th sec. of 36th chap. made return thereof to the governor. At this time, however, there was neither banking-house nor vault; but the commissioners were shown an apartment which had been hired, and was then preparing for a banking-house. The above named directors, excepting Mr. Bridge (who left this city the day of the first meeting of the committee, of which he had notice, and has been absent at New York since), have been examined by your committee as to the payment of this money by the stockholders; and your committee have been unable to ascertain one single instance of a subscriber having personally paid a dollar in specie on account of his subscription to the capital stock of this bank. It would seem, by the testimony of these directors, that Mr. Bridge had had the sole agency in procuring for this occasion the capital of the bank which made its appearance on this evening, 30th Dec.; but from whence it came or whither it went they are all ignorant.

Your committee, seeing Mr. Josiah Dunham's name in the report of the committee on the Franklin bank in connection with this bank, deemed it to be their duty to summon him before them. He testified that some one of the directors, he is not positive which, applied to the Franklin bank to borrow some specie, and obtained from the cashier 10 or \$12,000 for this occasion, which he brought from that bank and counted as part of the specie of the Roxbury bank, and carried it back to the Franklin bank the same evening. Mr. Dunham was one of the commissioners. Mr. Durand and Mr. Wadleigh testify that they had consented rather reluctantly to become stockholders and to serve as directors; that they had paid to Mr. Bridge on the evening of the 30th Dec. the amount of their respective subscriptions—the first in a check upon a bank where he had no funds, the latter in a check upon a bank where he had some funds, but not to the amount of his check; and the same evening, after the ceremony of counting had been gone through with, the aforesaid checks were returned to them; and they

have not at any time since paid for their subscription, nor do they consider themselves as stockholders, or in any wise connected with the bank. These gentlemen, notwithstanding, subsequently assisted to make a quorum of directors to choose a president.

Mr. Baldwin furnished to Mr. Bridge a bill or note upon a house in New York, for the payment of his subscription, (10 shares,) which bill was returned protested for non-payment, and he settled the account with Mr. Bridge by taking up the protested bill and reconveying to him the ten shares. Mr. Baldwin states that he came into the direction and consented to serve as president with much reluctance; acted in that capacity but a short time, and resigned after the transfer of his shares.

Mr. Adams states that he furnished Mr. Bridge with checks and bills to the amount of six or seven thousand dollars, and he presumes that with these he procured specie for the amount of his subscription and that of one other.

Mr. Bridge was elected cashier pro tem. at the time Mr. Baldwin was chosen president, viz. 5th December, 1836. It does not appear that he gave any bond, or that any was required of him. Yet he seems to have had the custody of the whole capital of the bank,—\$100,000,—on the evening of the 30th December; but neither the then president, Mr. Baldwin, nor any of the directors, were able to inform your committee where this large sum was deposited for safe keeping; and no entry in the books nor any record whatever has been produced by which this fact could be ascertained. It was admitted by the directors that it was not deposited in the vaults of the Winthrop Bank, the use of which had been offered to them.

On the 31st December, 1836, the day succeeding the payment of the capital stock, as above narrated, a discount of twenty notes, amounting to a fraction over \$100,000, was made. Of this important transaction, neither the president nor either of the directors could state upon their personal knowledge where the discount was made, by whom it was made, or to whom the proceeds of the discount were paid!

The only light shed upon this subject is to be found upon the first page of the cash book, as follows:

Dr. Cash, Saturday, December 31, 1836. Cr.			
To Stock	\$100,000 00	By Notes discounted,	\$96,959 61
To Discount for discount,	3,072 91	By Balance,	3,040 39
	\$103,072 91		\$100,000 00
		By Notes discount for discount,	3,072 71
			\$103,072 91

A record of these notes appears on the first page of the discount book, with the names of promisors and endorsers, many, if not a majority, of whom appear to be unknown to the aforesaid president and directors, who have all, excepting Mr. Bridge, been examined on this point.

After this summary mode of disposing of the whole capital stock of the bank, all further banking operations ceased until 6th of July, 1837, when another wholesale discount is recorded upon the discount book and entered on the cash book, viz.:

On stock notes,	\$50,000
On other notes not secured by stock,	48,507

Making an aggregate of \$98,507
The first parcel of notes, now falling due, were probably settled or cancelled by this second discount.

Another pause in the banking operations ensued, and the quiet of the banking-house remained undisturbed until the 5th October, 1837, when the third discount was made, viz.

Stock notes to the amount of	\$36,000
Other notes,	61,088
	<hr/> \$97,088

About this time Mr. Chorley, the present cashier, states that the bank commenced more active operations, and he had placed in his possession bills of the Roxbury Bank, signed by Mr. George Adams as president, and himself as cashier, amounting to \$18,900,—\$6,000 in other bills deposited in Kilby Bank; and specie about \$400, together with the discounted paper of the bank. This property was delivered over to his charge about the 17th October last, by Messrs. Bridge, Adams, and Kimball.

In April last, an attempt was made to secure the services of Mr. Caleb Parker, Jr. as president of the bank. He had consented to become the president on certain salutary conditions touching its management, and was elected director and president, although not a stockholder, but intended to become one. Circumstances, however, not connected with this bank, rendered it necessary for him to relinquish the design. Mr. Parker had signed as president, bills of the Roxbury Bank to the amount of twenty thousand dollars, which he testifies were given to the cashier, Mr. Chorley, to be burnt, and which, as Mr. Chorley testifies, was done.

Mr. John Rynex testified, that in July last, a contract was entered into between the said John Rynex and William B. Hart, of New York, of the first part, and George Adams and Samuel J. Bridge, of the second part, by which the said Adams and Bridge agree in consideration of three thousand dollars paid to them by the said Rynex and Hart as bonus or premium, to transfer to them or their assigns nine hundred shares of the capital stock of the Roxbury Bank, "now hypothecated to the said bank," a copy of which contract accompanies this report.

A suit being now pending in the United States Court to recover back the said sum of three thousand dollars and damages for the non performance of this contract, the committee forbear any animadversion on this transaction, wishing only to state the fact of its existence, to the end that the legislature may give to it such consideration as it may deserve.

No stockholder appears to be credited upon the books of the bank for the payment of his subscription, yet the certificates of stock to the full amount of their capital have been issued. No stockholder, however, has receipted for his certificate, and, excepting those lodged in the bank as collateral for loans, the committee have been unable to ascertain who holds these certificates.

It is apparent to your committee, that great and manifold irregularities in regard to the discounts, are chargeable to the directors who have assumed to manage the affairs of this bank. It may perhaps be safely affirmed, that none have been made in strict conformity to the rules and regulations proscribed by law.

A statement of the condition of the bank on the 19th inst., submitted by the cashier to the committee since this report was prepared, makes a small difference in the following items from those in the statement of the 5th, and growing out of transactions of the bank since, viz.

Amount of notes discounted,	89,149 68
" of bills of Boston banks,	5,560 00
" of specie on hand,	2,380 00

Amount of notes due and unpaid, but secured by stock of bank,	12,471 17
Deposites, none.	

In reviewing all the circumstances and facts connected with the doings of this bank, your committee feel justified in stating as their belief, that it has from the beginning failed to comply with the rules, restrictions and conditions provided by law—and accordingly recommend, that the bank be summoned to show cause why its charter should not be declared forfeited.

THOS. MOTLEY,
DAN'L P. KING,
C. P. HUNTINGTON,
JOSEPH W. TUCKER.

February 22, 1838.

(Copy.)

This agreement, made this first day of July, 1837, between George Adams and Samuel J. Bridge, of the first part, and William B. Hart and John Rynex, of the second part, witnesseth—that the said Hart and Rynex have this day paid to the said Adams and Bridge the sum of three thousand dollars, (the receipt whereof is hereby acknowledged) as a bonus or premium for the transfer of nine hundred shares of the stock of the Roxbury Bank of the state of Massachusetts, which stock is now hypothecated to the said bank, and said Adams and Bridge covenant and agree to assign and transfer said nine hundred shares of stock to said Rynex and Hart, or to such persons as they or their assigns may designate—and the said Adams and Bridge further agree, that they will cause to be elected as directors such persons as may be designated by said Rynex and Hart, or their assigns, one to be a resident of the county of Norfolk and state of Massachusetts. And it is understood, that said Rynex and Hart, or their assigns, shall have liberty to give their notes in place of the notes now held by the bank, on the transfer of the stock; and the said Adams and Bridge hereby agree to have a meeting of the directors, and fill up the direction by bringing into the direction such persons as the holders or a majority of the holders of the stock may nominate. And it is further agreed, that Adams and Bridge, or one of them, shall, with the cashier of the bank, meet the said Rynex and Hart at the office No. 49 William street, in the city of New York, on the 14th day of July instant, and then and there make and complete the aforesaid arrangement.

GEORGE ADAMS, (seal.)
SAM. J. BRIDGE, (seal.)
WM. B. HART, (seal.)
JOHN RYNEX, (seal.)

In presence of C. W. SANDFORD.

A true copy from the original:

Attest, JOHN RYNEX.

PROGRESS OF RESUMPTION.

RESUMPTION.—The Frederick Herald of this morning says:—The banks of Frederick have commenced during the present week, the paying of specie for the fractions of a dollar; and arrangements have also been entered into with them for the redemption of small notes issued by the Corporation of Frederick. This will probably lead, gradually, to the entire resumption of specie payments in this place, and to the abolition of the shinplaster currency.—*Balt. Patriot*.

RESUMPTION OF SPECIE PAYMENTS.—We are informed that the Directors of the Railroad Bank at Lowell have voted to resume specie payments forthwith for all their liabilities.—*Boston Atlas*.

RESUMPTION OF SPECIE PAYMENTS AT THE SOUTH.—The Nashville Whig of the 13th of June says:—"Since the late news from Philadelphia, the payment of specie by our banks has almost become a matter of absolute certainty. The banks of this state will resume by the 1st of January. The community look for it, and the banks are preparing for it. It is useless therefore to talk of procrastination, unless something should hereafter turn up, to render a complete resumption impracticable."

"As to the available means of the old banks, they will be abundant, independent of their credit abroad, which can readily be converted into capital if the emergency should demand it."

THE VIRGINIA BANKS.—The Richmond Enquirer of 5th June says:—"We feel ourselves authorized to state that our banks are prepared, and will resume specie payments the very moment they can ascertain that the banks of Baltimore have commenced, or will commence with them the same day. We all know that that city is the great receptacle of our paper, and it is not perfectly safe for our banks to resume until the Baltimore banks will agree to receive our checks on Philadelphia, New York, and Boston, instead of specie, in the redemption of our notes."

From the Democratic Free Press of 17th May.

RESUMPTION IN MICHIGAN.—According to a previous understanding, our four city banks yesterday commenced the full resumption of specie payment upon their notes, though in fact most, if not all of them, have been paying specie or drafts for their bills for some weeks past. The demands made yesterday, we understand, were mostly from abroad, and principally from non-reserving Ohio. The fact is, that our own citizens who know the condition of our banks, feel so much confidence in them, that they will not present their notes for specie, unless it be for speculation, or to gratify some sinister motive or unfriendly feeling against the institutions. It is but just to the banks to say, that they have entered upon the measure of resumption without fear or trembling.

Office of the Commercial Bulletin,
New Orleans, June 15.

RESUMPTION.—It has been intimated to us that a meeting of the presidents of the banks of this city is appointed to take place within a few days. The matter to be submitted to their consideration, of course, will be the all absorbing question of specie payments. The capability of New Orleans to resume speedily will then be no doubt canvassed, and probably a day will be fixed upon to commence. Some have spoken of the 1st of January as the earliest possible period at which the measure can be successfully hatched. But this seems to us far behind the march of events. We should not be surprised if a day as early as the 1st of August was fixed upon for the resumption. By that time the up country boatmen will have sold out most of their produce and returned home with the avails. Thus one of the greatest drains of specie, and the one most to be dreaded, will be stopped up. Our banks are as able to sustain themselves as the northern banks, all things being equal. We have probably more specie in our vaults. But the course of trade between us and the up country, does, under the present state of affairs, subject us to embarrassments, from which the banks of other cities are free.

NEW ORLEANS, June 16, 1838.—At a meeting of the presidents of the banks of New Orleans, held this day at the Union Bank, the following preamble and resolutions were adopted:—

Whereas, in the opinion of the board of presidents of the banks of New Orleans, the recent change in the policy of the government, in relation to the currency of

the country, and the probable resumption at an early period by the banks at the principal cities of the north, in consequence whereof the resumption of specie payments by the banks of Louisiana will be rendered practicable. And whereas, it is also their opinion, that in resuming their payments in specie the banks should be guided by the condition of the country generally, and by that of the southwestern section of the United States in particular, and that in their endeavours to attain an object so desirable, they should carefully avoid causing unnecessary embarrassment by precipitate action, keeping steadily in view that the interests of the community, as well as the safety of the banks, require that such resumption of specie payments should be permanent.

1. *Be it therefore resolved*, That in the opinion of the board of presidents of the banks of New Orleans, the first Monday in January next should be fixed on as the time of resumption by said banks, provided that the United States Bank of Pennsylvania, through its agency in this city, will furnish a general currency until the establishment of a national bank, or until such other remedial measures be adopted or sustained by the government in relation to the currency as will ensure the country and the banks against the deplorable consequences of a second suspension of specie payments by the government and the banks.

2. *Be it further resolved*, That a committee of three be appointed to correspond with the president of the United States Bank of Pennsylvania on this subject, said committee to report to the board the result as soon as practicable.

3. *Be it further resolved*, That these resolutions be submitted to the directors of all the banks of this city, for their consideration and concurrence.

S. J. Peters, president of the City Bank; Benjamin Story, president of the Bank of Louisiana; H. Lavergne, president of the Consolidation Association, were appointed the committee.

G. B. MILLIGAN, Chairman
of the Board of Presidents.

CHARLES BRIGGS, Secretary.

OFFICIAL.

TREASURY NOTES.—The whole amount of treasury notes authorized by the act of 12th of October, 1837, has been issued by the treasurer of the United States, viz: \$10,000,000.

The amount returned to the treasury for duties and lands, and in payment of debts, is about \$6,570,000.

There has been issued up to this day, under the provisions of the act of 21st of May, 1838, \$4,904,014 25.

LEVI WOODBURY,
Secretary of the Treasury.

TREASURY DEPARTMENT, July 2, 1838.

Nashville, April 22.

STATE BONDS SOLD.—It gives us pleasure to state that advices have been received from the bank commissioners of the sale in New York of ONE MILLION OF DOLLARS of the six per cent. state bonds authorized by the act to establish the Bank of Tennessee. The negotiation was completed on Saturday, the 15th inst., and we understand that Mr. Nichol will leave for Nashville on the 25th.

The terms of this important sale have not yet transpired, though we learn, from good authority, that the proceeds of the bonds are to be drawn for in instalments and to be delivered accordingly. A merchant of this city who arrived last evening brought out the engraved bonds for the signatures of the governor and secretary of state, and they will we understand be returned in a few days.

The new bank will go into active operation as soon after the return of Mr. Nichol as circumstances will

permit—we have heard the first Monday in June mentioned, though we cannot at present vouch for the precise time. The large brick store house on the corner of the public square and Market street, belonging to Col. Hays—~~the same~~ occupied for several years by the Planters' Bank, and now is the occupancy of Pittman and Wilkinson, has been rented for the purpose.

STATE BANK OF TENNESSEE.—The Nashville Union and its ally, says that the new bank of Tennessee will commence discounting the 5th of July, and that the paper issued will be made payable at the end of twelve months.

Office of the Express, New York, Sunday, July 1.

MONEY MARKET.—CITY NEWS.—Saturday, P. M.—As the Sirius goes out this afternoon, and the London and Liverpool Packets on Monday, the rates of exchange was established. Bills on London fell to 107½ a 108, and on Paris to 5 25 a 5 27½. This is one per cent. lower than by the last packet, and two per cent. lower than they were two weeks ago. This sudden fall of exchange has effectually checked all the shipments of specie.

The United States Bank has unexpectedly accumulated a very large balance in this city; some accounts state that it was over three millions. This has caused some sensation even in the Bank of America.

Office of the Merchants' Transcript, New Orleans, June 23.

COTTON.—Our market yesterday presented a new feature. One of our largest North Alabama factorage houses agreed with a Liverpool house to ship half their stock and receipts under an advance of about 7½ a 8 c. per lb., and to sell them the other half at about 8½ per lb.; they have now 2,500 bales on hand, and expect to receive 10,000 bales more. Another North Alabama factorage house is now busy in shipping all they have on hand, and expect to do the same with about 12,000 bales more, now on the way, to another Liverpool house, under advance of 7 c. per lb. This will relieve us of about 25,000 bales, the largest portion of which is yet to be received, so that for the balance of this season no European accounts, even if they should be unfavourable, will have any effect upon our prices before the new crop comes to market, which, from the very fine weather we have, cannot be late, and is likely to be very abundant. The sales have been to the extent of 1,500 bales; we note 500 bales Tennessee (selected out of 775) middling fair at 8½c.; 300 North Alabama middling, at 8½; 280 middling fair Tennessee, at 8½c., and other lots at our top quotations.

The receipts at the shipping ports now amount to over 1,710,000, and the exports of Great Britain to over one million of bales.

Louisiana and Mississippi, 7 a 14c. extremes; fair 11½; North Alabama, 6 a 11c.; fair 9½ a 9½c.

FRIGATES.—The British ship Frances was taken up yesterday at 4d per lb. for a full cargo for Liverpool. American vessels now refuse to accept of that rate.

Office of the True American, New Orleans, June 2.

GAS BANK.—Mr. Caldwell has gained his suit against this institution, which he had finally to bring before the chamber of commerce. It was this: The charter of the Gas Bank allowed him to subscribe for and hold five hundred shares of the capital stock without paying in any money in consideration of his gas privileges. This stock, at \$100 a share, was intended to be equal to \$50,000. Yet the president and directors of the bank refused to give him his certificate for this stock; and they furthermore refused to pay him dividends on more than thirty dollars per share, the amount only which had been called in from the other stockholders.

We learn that the chamber of commerce has decided

that Mr. Caldwell is entitled to his certificate for five hundred full shares of stock, and to draw dividends, when they are declared by the bank, on \$50,000, instead of \$15,000, according to the construction and decision of the bank.

Office of the Merchants' Transcript, }
New Orleans, June 2.

COTTON BANKS.—An injunction was laid yesterday in this city on cotton belonging to the Brandon Bank, for \$10,000 of her notes protested for non-payment. We noticed some days since that a demand for payment of a large amount of the notes of this bank had been made at her counter, and the only thing offered was two thirds in post notes, payable in one and two years in Philadelphia, and one third in a certificate of deposits, payable when the bank resumed specie payments!

The Mississippi banks, after having gone headlong into cotton, have turned their attention toward provisions; they have bought up nearly all the pork in this city, and their purchases in Cincinnati and other places have been on a monopolizing or forestalling scale; the article, in consequence, has advanced \$8 per bbl.

There have been more meetings in Mississippi to enquire into the conduct of the banks. The planters find the depreciated currency will not pay for their supplies, unless at exorbitant prices, and that the high rates they received for their cotton was a mere delusion of the bank system.

The merchants are still more aggrieved and clamorous; where they have purchased goods on credit in New York, and other places, and sold them payable in domestic currency, they find it ruinous to remit; indeed, any house extensive in such business, would soon swamp a good capital in premiums of exchange.

SOUTHERN COMMERCIAL CONVENTION.—A Commercial Convention, mainly for the purpose of devising means of establishing a direct trade between the south and Europe, was to assemble at the capitol in Richmond, Va. on Wednesday. The Whig states that most of the towns and many of the counties of Virginia have appointed delegates, and will be represented in the convention. The convention which met in August, for the same object, recommended as the chief means of achieving it: First, the awakening of the public mind to the important benefits to be derived from a direct trade; Secondly, the speedy completion of the various lines of improvement in progress or contemplation between the Atlantic cities and the west; and Thirdly, the employment of a portion of the capital now devoted to agriculture, in commercial pursuits. It also, if we mistake not, relied upon the measure which it recommended to southern capitalists, of calling home their investments elsewhere, as a means of increasing or embodying the capital which should be requisite in the direct trade. These means of accomplishing the object in view will probably be recommended by the convention now assembled at Richmond. The Whig thinks also that additional banking facilities are necessary to the favourable prosecution of a direct trade.—*Baltimore Patriot.*

From the Richmond Compiler, June 18.

COMMERCIAL CONVENTION.—This body brought its labours to a close on Saturday evening. We give a summary of its proceedings. Little good, we fear, has been accomplished, save the good feeling which has been generated, and which, diffused throughout the commonwealth, will, we hope, ultimately yield a rich harvest of good fruits.

The convention recommend an increase of the banking capital and the vigorous prosecution of the various important lines of internal improvement now in progress, as essential to the attainment of the great end

in view. They also recommend another state convention to assemble in Norfolk in November next, and the appointment of delegates to the Augusta convention.

The convention dissolved in the finest possible good humour, about 3 o'clock, Saturday, and adjourned to "Bacon's Springs," to partake of a dinner provided by the Richmond delegation.

The Virginia state loan of \$400,000, bearing six per cent. interest, was taken on the 21st May by Messrs. Jaquelin Taylor & Co. of Richmond, at a premium of \$2 81 per cent.

Mr. Bullock, Secretary of State of Kentucky, and agent for the negotiation of \$1,250,000 of the bonds of that state, has succeeded in effecting a disposition of them on favourable terms. The purchaser, it is said, ultimately to dispose of them in the European market, converting them into sterling bonds, and making the interest and principal payable in London.—May 25.

STATE LOAN.—We understand, says the Baltimore Chronicle of June 12, that the Maryland state loan of \$500,000, redeemable after 1890, to bear an interest of three per cent. per annum, was taken yesterday at 63 per cent.

H. W. EVANS, Esq., Commissioner of Loans of the state of Maryland, gives notice in the Baltimore American that the interest on the funded debt of the state, now due or hereafter becoming due, will be paid in specie or its equivalent.

The amount of gold coin imported into the United States from the 1st of January last up to the 5th May inst. is officially ascertained to be \$7,054,000, and the exports \$434,074—leaving a net balance of about six millions and a half. Since the 5th inst. about one million and a half in gold has been imported into New York, making a net aggregate of about eight millions.—N. Y. paper of 18th May.

A BANK GONE.—An endorsement on the way bill, received at Augusta, states that the Western Bank of Georgia, at Rome, has closed its doors.

BRIDGPORT BANK.—An act has been passed by the legislature of Connecticut, authorising the shares of this bank to be reduced from \$100 to \$50, and a new subscription of two thousand shares of \$50 to be made.

DIVIDEND ON THE SAFETY FUND.—The Albany Argus of 22d May says, "The comptroller, since the resumption of specie payments, has made a dividend of four per cent. on the capital of the safety fund paid into the treasury, and has apportioned the same among the safety fund banks, in proportion to the amount contributed by each."

SAFETY FUND NOTES.—The Merchants' Exchange Bank, the Leather Manufacturers' Bank, and the Bank of the State of New York, now redeem the notes of all the safety fund banks of this state, at one half of one per cent. discount.

BANK DIVIDENDS IN NEW YORK.—The Bank of America has declared a dividend of five per cent. for the six months ending 30th June, payable on the 6th of July.

The Phoenix Bank has declared a dividend of four per cent. payable 5th of July.

The Lafayette Bank has declared a dividend of four per cent. for the last six months, payable 1st of July.

The Seventh Ward Bank, a dividend of four per cent. payable 2d July.

The Merchants' Bank, a dividend of four per cent. payable 9th July.

MICHIGAN BANKS.—The Detroit Daily Advertiser states that the bills of the following Michigan banks are received at the counters of the banks in that city, as well as some others, the names of which they will

give hereafter:—Bank of River Raisin, Erie and Kalamazoo Railroad, Banks of Ypsilanti, Clinton, Calhoun, Macomb, Tooumash, Constantine, St. Clair, Pontiac, Wiscornin, Battle Creek, Niles, Marshall, Oakland, Utica, Superior, Huron River, Gibraltar, Brest, Saline, Saginaw City, and Grand River, Calhoun County Bank, Merchants' and Mechanics' Bank of Monroe, Farmers' Bank of Homer, St. Joseph's County Bank, Commercial Bank of St. Joseph, Berrien County Bank, Millers' Bank of Wishtenaw, Merchants' Bank of Jackson county, Michigan Insurance Bills, Shelby and Detroit Railroad Checks, Farmers' Bank of Oakland, Clinton Canal Bank, and People's Bank.

The bills received at the counter of the State Bank in Detroit are indiscriminately paid out, whether chartered or safety fund.

In addition to the above, the Advertiser says there are some banks that are considered perfectly sound, and their bills circulate to some extent among the citizens there.

The Bank of Niles and the Berrien County Banks resumed specie payment on the 16th May. The Niles Intelligencer of the 23d, says specie has become quite plenty about town again.

WILD CAT BANKS.—Mr. Thomas Fitzgerald, the faithful and energetic bank commissioner of Michigan, has addressed an official communication to the officers and directors of the several banks in the city of Detroit, appealing to them in behalf of the "safety fund" banks in his district, and soliciting for them that credit and confidence extended to the country chartered banks. He says most of the banks within the limits of his district, including both chartered and safety fund, commenced specie payments on the 16th May, in good faith, and have as yet suffered no inconvenience, but received the strongest evidence of a disposition on the part of the people, to confide in and sustain them, by the return of specie once drawn out, and additional deposits made. Their only fear is from the non-specie paying states adjoining.

Commissioner Fitzgerald takes the responsibility of recommending to the Detroit banks, in his official capacity, that they receive and pay out at their counters, on the same footing as the notes of the country chartered banks, the notes of the following banks, to wit:—Bank of Homer, Bank of Marshall, Bank of Battle Creek, Bank of Niles, Berrien County Bank, Commercial Bank, Grand River Bank, St. Joseph County Bank, and the Bank of Coldwater; and expresses the belief that the banks of Allagan and Singapore are making arrangements that will entitle them to be placed on the list.—*Buffalo Commercial Advertiser.*

From the Racine (W. T.) Argus.

The wild-cat money, as it is called, has completely overrun this section of the country—it has driven all other money out of circulation; and since suspicion has been cast upon some of the banks, it seems to come upon us more frequently, and in larger quantities. Indeed it is nothing uncommon to see men have \$500 or \$1000 of this kind of money; and some of the speculating gentry have lately been through here, who were willing to buy claims at a great price, and all to be paid down. Every man should be on the look out that he is not swindled and defrauded.

WILD CATS ESCAPED!—The president and cashier of the "Bank of Kensington," located at Kensington, Oakland co., Michigan, have offered \$1000 reward for the apprehension of Alfred A. Dwight and Sherman D. Dix, two individuals, who have recently absconded with about \$40,000 of the paper of said bank, which it was alleged was fraudulently abstracted from the bank, without the usual forms of discounting having been

gone through with. The uncharitable belief is even expressed that the president's signature to the bills of most of the paper with which they absconded is *forged*. They are said to have taken a course running due west, and were last heard of industriously palming off their grabbed paper at Chicago.—*Buffalo Com. Adv.*

BANK OF MARYLAND.—The creditors of this bank, who have not yet filed their claims with the trustees, are required by Baltimore County Court to do so before the first day of October next, or otherwise they will lose all benefit of the distribution of the funds in the hands of the trustees.

LITIGATION IN ILLINOIS.—The Peoria Register mentions that judgments were entered at the last term of the court in that place to the amount of \$100,000, of which it is believed not 25 per cent. will be collected, while a more lenient course would doubtless have secured nearly all. There having been no court last fall, the amount of business at this was unusually large, the suits on the docket amounting to 446, of which about 300 were disposed of.

TEXAS MONEY.—We learn that since the president's veto of the bill for a further issue of the promissory notes, this money has become a scarce article in Texas. It is greatly preferred to Mississippi notes; and is at par with any southern bank paper, excepting that of New Orleans, Tennessee, and Alabama—the two latter of which is but little in advance.

SMALL BILLS.—The Connecticut House of Representatives on Friday, by a vote of 165 to 32, passed a bill to REPEAL the laws imposing restrictions upon the circulation of small bills. The Loco Focos at the last session patched up a bill which they hoped would satisfy the people, and which allowed the banks, for a specified period, to issue small bills payable in specie. The effect was, to confirm the opinion of the people more than ever in favour of small bills. They accordingly sent men to the legislature who would comply with their wishes. And they have complied. On the third day of the session the house voted to repeal the prohibitory laws by a majority of more than five to one.—*4 May.*

SMITHSONIAN BEQUEST.—Extract of a letter to a gentleman in Washington city, dated London, May 14, 1838.

"Dear Sir—As you have a great stake in Washington, and done more towards improving it than any person I know of, I will not deny myself the satisfaction of saying to you, for the information of your fellow citizens, that I have fully recovered the Smithsonian bequest from the court of chancery, and shall embark with the money, 100,000*l.* sterling, next month. I forward by this same packet an official despatch to the secretary of state upon the subject.

"That your beautiful city may prosper in all ways, thereby uniting public and private good, is the sincere wish of one who claims to have been always its friend, and who begs to subscribe himself, dear sir,

Your very faithful and obedient servant,

RICHARD RUSH.

FIVE DOLLAR POST NOTES.—The Delaware and Hudson Canal Company have issued very handsome post notes for five dollars, payable six months after date. They have all the appearance of handsome five dollar bills; and in many instances have been taken as money, under the impression that they were payable on demand, when they would not have been taken if only the six months had been perceived. We deem the procedure of the company in issuing such notes as altogether reprehensible, taking it in its best form. Paper payable in six months, ought never to bear the shape and similitude of money. But at all events, if

the company who issue such paper intend to avoid the charge of willingly providing the means of deception, they should take care that the distinctive character of the paper stands out in letters so large that they will catch the eye at first glance.—*Journ. of Com.*

PAYABLE IN NEW YORK.—It is important for persons in the interior to mind what they get as New York funds. We have seen to-day two twenty dollar notes of the Commercial Bank of New Orleans, made payable on demand at either that bank, or the Bank of America in New York. They were sent here under the expectation that they would be paid according to promise; but it turns out that the Bank of America has orders not to pay such notes. This is not because the Commercial Bank has no funds here, (for the Bank of America, we are told, has paid and is constantly paying large sums on account of the Commercial Bank,) but because the said Commercial Bank finds it more profitable to sell checks on New York at ten per cent. premium. So it is quite necessary for those who receive the promises of the bank, to read not only what is on their face, but what are the secret orders sent on a-head. This perhaps has something to do with what they mean by "medium" in New Orleans. This same Commercial bank has a capital of three millions of dollars, on which, not long ago, it declared a dividend of seven per cent., and we dare say paid its New York stockholders at the Bank of America, though we do not know, and do not think it worth while to ask, about that. At any rate, the stockholders are taken care of, but the creditors have to take care of themselves.—*Journal of Commerce of 27th June.*

Dividends in and near Philadelphia for the last six Months.

Bank United States,	- - -	4 per cent.
Bank Pennsylvania,	- - -	4
Bank of North America,	- - -	3
Trenton Banking Co.	- - -	\$1 20 per share.
Cumberland Bank,	- - -	3 per cent.
American Insurance Co.	- - -	5
Union Insurance Co.	- - -	5
Atlantic Insurance Co.	- - -	4
Fire Insurance Co. of Pa.	- - -	3
Philadelphia Fire and Inland Ins. Co.	- - -	3½
Philadelphia Savings' Institution,	- - -	3½
Southern Loan Co.	- - -	4
Franklin Savings' Bank,	- - -	4
Kensington Savings Institution,	- - -	4
Penn. Co. for Insurance on Lives,	- - -	4
Girard Life Insurance Co.	- - -	3½
Northern Liberties and Penn Township Railroad Co.	- - -	3
Lehigh Coal and Navigation Co.	- - -	5
Schuylkill Permanent Bridge Co.	- - -	5
Philadelphia Exchange,	- - -	5

BRANDON MONEY.—A gentlemen direct from Mississippi, informed the editor of the New Orleans Picayune, that the Brandon Bank had commenced redeeming its five dollar notes with specie, July 5.

The Governor of Mississippi has subscribed for five millions of the stock of the Union Bank—one million two hundred and fifty thousand dollars payable in 1850, and three million seven hundred and fifty thousand in 1858. The state bonds have been placed in the hands of the directors of the bank, and commissioners are about starting for the east for the purpose of disposing of them.

We learn from the Arkansas Gazette of the 6th ult. that the commissioners, appointed by the governor to negotiate a sale of the bonds of the State Bank of Arkansas, and real estate bonds, had returned, without

having accomplished the object of their mission, owing to some discrepancy in the bonds. Col. C. R. Boyd, the commissioner for the sale of the State Bank bonds, had made an arrangement for the disposition of them, to the amount of 300,000 dollars, when the attorney of the capitalists, with whom it was made, discovered the defect, which prevented further action in the matter. The Gazette states, that the errors in the bonds, if any exist, will of course be at once rectified, and they will be again forwarded to the east for the purpose of being negotiated.

SALES OF STOCK AT PHILADELPHIA.

July 9.			
\$5000 State fives, 1856,	103½	100	
6000 " 1858,	103½		
\$4000 Almshouse fives, 1865,	95	100	
1 share Farmers & Mechanics' Bk.	62	50	
8 " "	61½		
4 shares Mechanics' Bank,	54½	35	
2 " Girard Bank,	53½	50	
50 " Kentucky Bank,	91½	100	
100 " " 2 days, Sat,	94½		
20 " Vicksburg Bk. B. this w. Sat,	82	100	
50 " " 2 days Sat,	81½		
150 " New Orleans Gas,	90	30	
8 " Phoenix Ins,	81½	81	
21 " Lehigh Coal,	90	50	
100 " Del. & Hudson Canal,	85½	100	

SALES OF STOCK AT NEW YORK.

July 7.			
175 shares U. S. Bank,	120	120½	
1352 " Del. and Hudson Canal,	85	85½	
60 " Ohio Life and Trust,		109	
25 " Boston and Providence R. R.		106	
495 " Mohawk Railroad,	73½	73½	
253 " Patterson Railroad,	63	64	
1065 " Harlem Railroad,	68½	69½	
265 " Stonington Railroad,	55	54½	
120 " Utica Railroad,	120½	121	

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

July 7.			
Bills on London, 60 days sight,	7½ a 8½ p. cent. prem.		
" France,	5 25 a 5 27½ fr. p. doll.		
" Holland,	39½ a 40 cts. p. guild.		
" Hamburg,	35½ a 35½ cts. p. mc. ba.		
" Bremen,	79 a 79½ cts. p. rix doll.		
" Boston,	¼ a ½ discount.		
" Philadelphia,	1 a 1½ do.		
" Baltimore,	1½ a 2 do.		
" Richmond,	3½ a 4 do.		
" N. Carolina,	5 do.		
" Charleston,	3½ a 4 do.		
" Savannah,	6 a 8 do.		
" Augusta,	6 a 8 do.		
" Mobile,	12 a 15 do.		
" New Orleans,	6½ a 7½ do.		
" Louisville,	5 a 6 do.		
" Natchez,	20 a 22 do.		
" Nashville,	15 a 20 do.		
" Cincinnati,	4½ a 5 do.		
" St. Louis,	8 a 10 do.		
" Michigan,	10 a 12 do.		
" Detroit,	4 a 5 do.		
American gold,	7 premiums.		
do. new coinage,	per a ½ do.		
Spanish dollars,	2½ a 3½ do.		
Caracas do.	5 a 6 do.		

Mexican dollars,	per a ½
Half dollars,	per
Five-franc pieces,	93 a 94 cents each.
Doublons,	\$16 30 a \$16 40 do.
do. patriot,	15 60 a 15 70 do.
Sovereigns,	\$4 85 a 4 90 each.

WEDNESDAY, JULY 11, 1836.

Congress adjourned on the 9th instant, without having enacted any law relating to the future collection of the revenue. The several bills passed by the senate on the subject, and rejected by the house, will be hereafter recorded in this Journal, for future reference, it being quite probable that the same matter will be renewed at the December session of congress.

Our readers can scarcely have failed to observe the great difference in amount between the transactions in the stock market of New York and those of Philadelphia. This difference, we presume, is more an evidence of a speculative temperament, than a proof of an actual transference of capital from one species of investment to another. Where the fluctuations in the market price from week to week are not of a great extent, it requires a large number of shares to yield a profit worth attending to, and perhaps it would be found that in reference to a large proportion of the sales at New York, the only capital employed or required was the simple amount of the difference between the buying price and the possible selling price at the expiration of a week or a month. Thus, if the probable fluctuation in the Delaware and Hudson stock, in the course of a month, were estimated by the brokers not to exceed five dollars per share of one hundred dollars, five thousand dollars would be all that would be required to represent a nominal sale and purchase of one hundred thousand, and if the buyer was in good credit, the transaction might be conducted by a note, so as to require no capital at all. A very large portion of stock sales are nothing but wagers on the price of stocks.

THE BANKS OF PHILADELPHIA.—A meeting was held on the evening of the 5th inst. by the delegates of the different banks of the city and county of Philadelphia, at which it was resolved that it be recommended to the said banks to resume specie payments on the first of August next. Two banks of the sixteen were not represented. Of the fourteen present ten voted in favour of the resolution, and four against it. We have not yet learned that any of the boards of directors have acted upon this recommendation, and think it probable that unless unanimity be obtained, neither will commence by itself.

TERMS.

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THE FINANCIAL REGISTER

OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence or cover, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locks on Money.*

Vol. II.

WEDNESDAY, JULY 18, 1838.

No. 2.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 25.)

CHAPTER III.

Origin of Branch Banks—Their supposed advantages—Places where established—General principles of management—Facilities afforded by them to country bankers, to trade, and to the crown for transmission of revenue—Expenses of the branches, and their losses by bad debts.

I. ORIGIN.

In consequence of the unsafe foundation upon which many country banks were erected some years ago, Lord Liverpool, with a view to remedy an evil of such magnitude, [Palmer, 465, 466,] suggested to the Bank of England the idea of establishing branches of its own in different parts of the kingdom. Though a favourite measure of his, it was not at first favourably received. After the alarming number of failures which occurred in 1825 and 1826 among the country bankers, giving rise to no fewer than seventy-seven* commissions of bankrupt within the two years, the government proposed the abandonment by the bank of their exclusive privilege as to the number of partners, and suggested that facilities should be given for the formation of joint-stock banking companies in the country.

II. SUPPOSED ADVANTAGES.

It occurred to the directors, that, under the circumstances, the plan formerly projected by Lord Liverpool [Harman, 2,349-2,350] might be attended with advantages both to themselves and the public; that it would afford them facilities for conducting their affairs, give them a great insight into the country part of the business, and be productive of other beneficial consequences. The directors were not, indeed, of opinion that branch banks [Palmer, 481] would ever prove materially

profitable to the company; an opinion which experience has shown to have been well founded. But they conceived that it [440] would be very desirable, if the whole paper currency of the country were to consist of Bank of England notes, [503,] with a view to give the circulation greater solidity, and a more equal regulation in expansion and contraction of paper money. Such an extension [440] of the bank circulation would not be likely to take place without the concurrence of the country bankers. [437, 489.] The establishment of branch banks would probably, [494,] in time, have the effect, in a great degree, of supplanting [491] the circulation of country paper; but it would be in the power of the private bankers to remove the competition of the branches in the conduct of general banking business, by substituting the bank paper for their own.*

[514] In the year 1825 there were, moreover, "innumerable" applications for the establishment of branch banks from "all parts" of the country. But although, for the reasons stated, the directors expressed to the government their willingness to comply with those [Harman, 2,351] applications, the same policy which induced them to reconsider Lord Liverpool's plan, and even to propose it as their own, compelled them to object to the creation of new competitors in the country, under the title of joint-stock banking companies. The government rejoined, that they considered the organisation of branch banks as a good thing *per se*, but not adequate to the exigencies of the time. Eventually, it was arranged that both branches of the bank, and joint-stock companies, should be sanctioned by law.†

III. PLACES WHERE ESTABLISHED.

Branch banks were accordingly established, in the course of the year 1828, at Gloucester, Manchester, Swansea, Birmingham, Liverpool, Bristol, and Leeds; and, in the follow-

* The greatest number of bankruptcies known to have occurred before that period among country bankers, in any one year since 1790, did not exceed twenty; that is the number for the year 1810.

* Four country banks have already adopted this measure, at Gloucester, Birmingham, Liverpool, and Hull.

† See "Summary of Law," *post*.

ing year, at Exeter, Newcastle, Hull, and Norwich. These eleven towns were selected, as being supposed to present the most convenient centres [Palmer, 513] of circulation, with reference to the manufacturing and agricultural districts.

IV. GENERAL PRINCIPLES OF MANAGEMENT.

The general principles upon which these establishments have been founded appear to be judicious. They permit individuals of supposed credit to open [Palmer, 419] with them discount accounts. They afford every facility to the transmission of money from London to the country; and to those bankers who have proposed (for the bank have made no proposition themselves to the bankers) to withdraw their own paper, they advance the same amount of circulation in coin and bank notes which they were previously stated to possess in their own notes, at three pounds per cent. per annum, upon approved bills. The branches issue local notes, [Palmer, 460,] and twenty-one day bills. They do not, as matter of course, pay London notes, in order to guard against facilitating theft in London, and obtaining payment at one or more of the branches, and also to obviate the necessity of providing gold for the same notes at different places. They discount at the rate of interest [497] which exists at the bank in London. They [524] take deposits, from the use of which they receive a slight advantage; [507,] but they pay no interest upon them, [Beckett, 1,451,] nor do they allow any person to overdraw his account. They charge no commission [Palmer, 498] upon discounts, but they [7] take a commission upon what is called "agency" business, from those who do not keep an account with the bank, and for whom they transmit money or bills to London for payment or receipt, or for whom they act as [530] agents in collecting money on bills of exchange in the country.

V. FACILITIES AFFORDED BY THE BRANCHES TO COUNTRY BANKERS.

No account is opened by the branches with country bankers [Palmer, 449] who continue to circulate their own paper, except for the limited purpose of furnishing them with gold upon the spot. If a private banker possesses a branch [450] note, he is of course entitled, as any other holder of such note would be, to have it converted into gold at the branch office. This local convenience is in itself an advantage to the country bankers, which they did not before possess. But in addition to this, if a country banker make a deposit at the Bank of England [454] in Bank of Eng-

land notes, he may receive the amount in gold from the branch without any [451] charge. Thus, the risk and expense of obtaining gold [452] from London are altogether saved to the country banker. He may, if he please, send his bills for discount [458] to London, where he may get them cashed at the lowest market rate of interest; he has then only to order his agent in London to pay into the bank there any given quantity of bank paper, and the amount is issued to him by the branch in the form of gold, without any other expense than that of mere postage. This regulation has been established merely as a matter of [456] convenience to the country bankers, at very considerable expense to the Bank of England.

VI. FACILITIES TO TRADE.

Any individual who has an account with a branch may, upon the same terms, obtain accommodation in [Beckett, 1,436] branch notes, which are convertible into gold. If he have no account, he may still obtain the same facilities, paying for them the "agency" commission. The necessary consequence of this system has been, that the moment that branch banks are established [Palmer, 504] in any part of the country, the rate of interest existing in London is immediately opened to all that neighbourhood. There has been a great extension of the branch circulation in Lancashire, without any corresponding amount of discounts with the branches in Liverpool or Manchester. Very large payments have been made into the bank in London, for bills transmitted from those districts for discount at the low market rate of interest existing in the metropolis, and for which branch bank notes have been issued in those districts, without any advantage having been derived by the bank in the rate of interest or discount of such bills. [505.] It follows, that to all the branch districts great advantages must have arisen; since the bills which formerly circulated as money, with an interest of five per cent. per annum for their unexpired terms, are now discounted in the London market at two and a half, three, and three and a half per cent.; so far affording to the country manufacturers and merchants, money at a cheaper rate than previously existed.

VII. FACILITIES TO THE CROWN IN THE TRANSMISSION OF REVENUE.

Generally speaking, the branches do not issue [Palmer, 459] gold for London notes, except under special circumstances as a matter of convenience. If they receive a [518] bill or draft for payment on any private banker,

they demand payment in coin or Bank of England notes. They take, without any difficulty, over their own [516] counter, the notes of any private banker, provided the bank hold securities from those banks for the payment of them. They accept also, in the same way, the [517] notes of any private banker in the town where they can send them for receipt immediately upon being paid in. But a York note, for instance, payable in London, they would not receive, unless, under a particular regulation, it were tendered in payment of the revenue. Latterly, in compliance with the request of government, the [533] assessed taxes of certain districts have been paid [532] into the branch banks; and the branch has sent an agent occasionally, within twenty or twenty-five miles, to meet the collector, and receive the money from him. The system affords a considerable saving to the public, inasmuch as the revenue has credit for the amount [534] paid in the country, upon the arrival of the mail in town. Before the branches existed, the period of credit depended upon the agreement made between the tax-office and the country banks, in which the local collectors [535] deposited the revenue. The branches receive in discharge of revenue all notes payable in the town where the collection is made; they receive also, for the purposes of revenue only, all notes payable in London; but for the latter, by an arrangement agreed to with the tax-office, credit is not given to the exchequer until the notes are actually paid. Up to that period, the [544, 545] risk is taken by the government, who, in case of failure, would follow the private banker for payment; it is not [547] government money until paid in coin or Bank of England paper.

VIII. EXPENSES OF THE BRANCHES.

The whole expenses of the branch banks are estimated at about thirty-four thousand pounds per annum. [Palmer, 523.] Their present circulation, including five hundred thousand pounds of deposits, amounts to three millions. It is calculated that the total charge of the circulation of [522] the branch banks amounts to two and a half per cent.; and that the bank derive from that circulation a profit of one half per cent. only; the issue, therefore, does [524] little more than pay its own expenses. The other advantages derived by the bank from the branch banks arise from deposits and agency, but the extension of the bank circulation is the main consideration. For [484] the attainment of that object, the branch system is a safe one; but [487, 408] it is admitted not to be a good system for

banking, which, doubtless, for the commercial interests of the country, [409.] is better managed by individuals than by any public body. But circulation ought always, according to Mr. Palmer, to have reference to the foreign-exchanges, and therefore to have one centre.

IX. LOSSES OF BRANCHES BY BAD DEBTS.

With respect to the actual operation of the branch banks, since their commencement, it appears that the amount of bills discounted by the branch at Exeter within the year 1831, for instance, was eighteen thousand pounds; and that during the whole of the period of its existence there, the branch has made no bad debt. The same remark applies to Gloucester, although the bills discounted there by the branch within the same year amounted to seventy-nine thousand pounds. A debt is set down against Swansea of two thousand five hundred pounds, but it is reported as likely to be recovered. The bills discounted by the branch there within the same year amounted to eighty-four thousand pounds. A recoverable debt of three hundred and forty-nine pounds is charged against Newcastle (down to 1830); the bills discounted by the branch there, within the year 1831, having amounted to thirty-eight thousand pounds. At Manchester, the bad debts of the branch have not amounted on the whole to five hundred pounds, although it discounted bills there within the same year to the amount of one hundred and ninety-four thousand pounds. At Liverpool, where the bills discounted by the branch amounted, within the year 1830, to sixty-three thousand pounds, the bad debts down to that period have not amounted to one hundred and sixty pounds. Within the year 1831, the discounts increased at Liverpool to the sum of three hundred and thirty-six thousand pounds; but no return of bad debt is given with reference to that town for the latter year. The bills discounted by the branch at Birmingham, within the year 1831, amounted to five hundred and ninety thousand pounds; the bad debts since the establishment of the branch are five thousand three hundred and thirty-nine pounds. At Hull, the bills discounted by the branch within the same year amounted to sixty-two thousand pounds; the bad debts during the whole period to two hundred and fifty-one pounds. Within the same year, bills were discounted by the branch at Leeds to the amount of one hundred and twenty-eight thousand pounds, and in the bad debt account for that year, as well as for 1830, the returns are "Nil." For the two preceding years, they amount only to four hundred and sixty-

four pounds. The supposed irrecoverable balance against Bristol amounts to ten thousand three hundred and ninety-five pounds, though the bills discounted by the branch there, within the year 1831, did not exceed the sum of one hundred and two thousand pounds. But the case of Norwich is the most unfavourable of all. The bills discounted by the branch there during the three years, 1829, 1830, 1831, did not, on the whole, exceed one hundred and twenty thousand pounds; and yet the apparently certain losses sustained by the bad debts there are stated at the sum of thirty-two thousand and fifty-five pounds. The bad debts thus enumerated are those only which are returned as *not* likely to be recovered; and they amount on the whole to forty-nine thousand six hundred and two pounds.

[*Note*.—The amounts discounted by the branch banks should have been stated as the *average* amounts throughout the periods referred to.—*Author*.]

CHAPTER IV.

Capital of the Bank of England—Dividends—Its Liabilities and assets—Annual expenses and net profits.

I. CAPITAL.

We have already seen that when the Bank of England was constituted, in 1694, its original capital, which was lent to the government, amounted to £1,200,000. This sum was increased by a new subscription of one million, which was called for in the year 1697, but was returned to the subscribers in 1707. Within three years after that period, however, the capital was increased, by fresh subscriptions, to more than five millions and a half; which, in the year 1722, were swelled by similar means to nearly nine millions. New calls were subsequently made in the years 1742, 1746, and 1782, which raised the capital of the bank to the sum of £11,642,000. This amount was preserved, without any variation, down to the year 1816, when, in consequence of the profits realised by the bank, an addition of twenty-five per cent. was made to the stock of the several proprietors; thus enlarging their collective capital to the sum of £14,553,000, the amount at which it now remains.

The whole of the capital thus raised from time to time was lent to the government, who pay the bank [Q. 4,341] interest upon it, at the rate of about three per cent., to the amount of £446,502 per annum. It may be considered as so much stock, yielding no pecuniary advantage to the bank beyond the interest. But inasmuch as the state is a pledged guaran-

tee to the public for the solvency of the bank to the whole amount of that capital, it must be looked upon as producing [Norman, 2,820] a most important benefit to the institution, with reference to its commercial character. Measured by the quantum of that advantage, opinions may vary as to the amount of capital, which it might be material for the bank to hold in that shape. It should, unquestionably, [2,823,] be large enough to render the notion of insolvency absurd, except the whole fabric of national credit gave way. No [2,825] inconvenience appears to be felt in any quarter from its present amount.

[2,821] The real working capital of the bank consists merely in what is called its "rest," which amounts at present to the sum of £2,880,000. [Rep. p. 4.] All the other funds which it employs [Norman, 2,822] are funds belonging to government and the public at large, who accept its paper as the most convenient representative of gold, and who, for the sake of greater security, deposit their money in its coffers. The bank has also dead stock of different kinds, such as the magnificent fabric in which its treasure is kept, and its business carried on; together with the fixtures and furniture therein contained.

II. DIVIDENDS.

The bank appears, in the year 1790,* to have paid a dividend of seven per cent. This amount of dividend it continued during the subsequent fourteen years, and, in addition, presented the proprietors, within that period, with four several bonuses, amounting, in the whole, to £2,819,540. During the two years, 1805 and 1806, the dividend was raised to twelve per cent. It was reduced in 1807 to ten per cent., at which it remained until 1824, when it was further lowered to eight per cent., and so it has continued to the present day.

III. LIABILITIES AND ASSETS.

The amount of notes maintained in circulation by the bank and its branches, on the 29th of February, 1832, was

	£18,651,710
Its government deposits on the same day amounted to	3,198,730
And the private deposits in the bank and its branches to	5,738,430
Total liabilities	£27,588,870

The assets of the bank on the same day were as follow :

* For the dividends prior to 1790, see Appendix. E.

Advances on government securities, including the "dead weight,"	£15,032,820
Other credits,	9,166,860
Cash and bullion,	5,293,150
Permanent debt due from government,	14,686,800
Total assets,	£44,179,630

Assets,	£44,179,630
Liabilities,	26,988,870

Excess of assets of the bank
over its liabilities, . . . £17,190,760

It will have been seen that there is a difference of £133,800 between the amount of the permanent debt here stated as due from the government, and the bank capital due to the proprietors. This difference consists [Palmer, 44] of a sum which the government owe to the bank beyond that capital, arising out of some settlement of a very old date, that has not been explained. The total excess [Rop. p. 4] of assets is stated by the committee at the sum of £17,433,000: the difference arises from their having set down the "rest" capital at the sum of £2,880,000, whereas the chief accountant's return, which, it should be observed, is dated the 29th of February, 1832, states the "rest" at £2,637,760. I am informed that the [Palmer, 42] sum given by the committee was the amount of the "rest" on the 11th of August, 1832, the day on which their report was agreed to.

No allowance is made in the report of the committee [43] for the value of the bank itself, nor has any detailed estimate of that value been included among the accounts that appear to have been laid before them. Having made enquiries on the subject, I have ascertained that it would not be too much to state the amount of the "rest" at four millions and a half, including therein the value of the bank buildings and freehold property, the house furniture, fixtures, and dead stock of every kind; and then the real excess of the assets of the Bank of England, over and above all its liabilities to the public, will amount, in round numbers, to the sum of NINETEEN MILLIONS STERLING.

IV. EXPENSES AND PROFITS.

The ordinary annual expenses of the bank, including average losses by discounts, and by forgeries connected with the public funds, may be taken at about £500,000 per annum. Its ordinary net profits, after the payment of all expenses of every description, appear to be about £1,200,000 per annum; out of this sum the dividends arise, which amount to £1,164,235, leaving, therefore, about £35,000 a year to be added to the "rest" capital.

Such is the present state of the Bank of

England. It is a remarkable proof of the commercial prosperity of that establishment, that it now clears ANNUALLY in NET PROFIT a sum equal to the whole amount of its ORIGINAL CAPITAL.

CHAPTER V.

The par of exchange—Par between England and France—Signs of unfavourable and favourable exchanges—Effects upon the exchanges of foreign loans, of the general state of trade, and of the operations of individuals, single and combined.

I. PAR OF EXCHANGE.

When a bill of exchange for one hundred pounds will purchase both in England and France the same quantity of gold of a certain weight and fineness, then [Palmer, 133] a par, or perfect evenness of exchange, may be said to exist between those two countries. If it be necessary, in order to purchase that quantity of gold in Paris, to add any given sum, five or ten pounds, to the English bill for one hundred, then the exchanges between the two countries are said to be no longer at par; the scale is inclined to the disadvantage of England, and the measure of that disadvantage is the sum added to the bill. On the other hand, a similar depression of the balance is said to take place to the disadvantage of France, if the operation be in the reverse—that is, if, instead of any addition being made to the English bill, an addition be made to the quantity of the gold, in order to purchase that bill in the Paris market. Then the turn of the scale is supposed to be *pro tanto* in favour of England.

This explanation of the exchange must be taken, however, in connection with certain other circumstances. It should always be recollected, that the standard [136] coinage of France, and, indeed, of the whole continent, [Rothschild, 4,829,] is silver,* whereas that of England is gold. It is necessary for the bank to retain in its coffers a certain proportion of gold bullion; and for that purpose a supply of the metal may be required in England when it is not wanted in France. The premium on gold may chance to be low in Paris—that is to say, low in the estimation of a French banker, who would gladly exchange it for silver, in order to meet the demand of his customers. It might thus happen that the exchanges would be favourable to England at a period when they would not, in reality, be unfavourable to France. No perfect par of exchange, therefore, can possibly exist as [Palmer, 137] between two countries,

* Gold is in France a legal tender; but a creditor cannot demand it without paying for it an agio, or premium. [138.]

which have not the same standard metal for their respective currencies.

II. PAR BETWEEN ENGLAND AND FRANCE.

When we say that a *par* of exchange exists between this country and France, we mean [Rothschild, 4,788] that we can then obtain twenty-five francs and twenty centimes in Paris for a sovereign. When for the sovereign we can get only twenty-five francs and fifteen or ten centimes, we then consider the exchanges as so much below *par*. The sterling value of the sovereign is thus so far reduced; and it is evidence of the fact, that we are sending gold abroad upon which we receive no premium. In this state of things the exchanges are [4,787] unfavourable to us. If we calculate the value of the currency here against that of the currency of France, we may at any period ascertain the *par* pretty correctly, by adding to that value the premium then payable for gold. The exchanges are against the country which pays the higher premium, and the amount of the excess is the measure of its loss.

III. SIGNS OF UNFAVOURABLE AND FAVOURABLE EXCHANGES.

Practically speaking, the exchanges may be said to be unfavourable to this country, when there is a more than ordinary continued demand upon our currency for gold; and unless that demand arise from political discredit at home, we may infer that the gold is going abroad in large quantities. A temporary demand [Palmer, 134] of that kind may exist at a high, as well as at a low, rate of exchange; as, for instance, when a supply of that metal to the amount of a million was sent out not long since for the supply of the Russian army. To a certain extent, that demand was injurious; but its action, being limited in point of time, was soon rectified.

Since the repeal of the laws prohibiting the exportation of coin, and in consequence of the increased facilities, and the cheapness of transit between England [Ward, 1,942] and the continent, merchants who have large remittances to make abroad frequently make them in sovereigns. [1,935.] They do so, because they may not have time to purchase bills, and it may be of importance to them to forward the remittances without delay. They, moreover, thus avoid the risk of buying bad bills, and it may be conducive to their advantage to conceal the nature of their business from rival speculators. The exchanges may happen at the time to be unfavourable to this mode of payment, and yet it may, upon the whole transaction, be beneficial to the merchant.

Mr. Rothschild, for example, might embark in a financial [1,938] operation at Paris or Berlin, the profit of which he calculates at three per cent. It becomes reduced to two and three quarters, perhaps, by reason of that mode of remittance during an unfavourable state of exchange. Nevertheless, he has his two and three quarters per cent. profit, and thus the balance is materially in his favour. But these, again, are exportations of gold that only create a temporary demand upon our currency, and they are soon rectified by the profitable returns which ensue.

When, however, we happen to have a bad harvest, and a great quantity of corn is necessarily imported from the continent, it must be paid for chiefly in gold, according to Mr. Rothschild, whose doctrine, as I am informed, is not correct in practice. Most persons who deal in corn have but limited credit: [Rothschild, 4,886,] the foreign agent draws his bills immediately, and sells them without reference to the exchanges, and that, perhaps, produces an effect to a certain extent.

But, on the other hand, there are a great many merchants from the West Indies who have bills running upon them here, for coffee, and different kinds of produce which they cannot sell in England; they, [4,802,] therefore, send it to the continent, and draw bills for it. Against those bills some remittances must come back; and as people of property here will not involve themselves in foreign acceptances, those remittances must be in gold. When that happens, the exchanges take a turn in our favour.

IV. FOREIGN LOANS.

It has been supposed that loans made in England, for the use of foreign states, have the effect of producing unfavourable exchanges; and so they would, most probably, if they were of any considerable amount, and if the remittances of the English subscribers were all made to those foreign states in gold. But Mr. Rothschild states it as a matter within his own experience—and who is a better authority upon such a subject?—that when loans are negotiated, they give rise in fact only to a change from one [Rothschild, 4,804] stock into another. "If loans are made," says that gentleman, "most of the capitalists who hold funded stock, in general, change one stock when they take others; so that it is only a change of property. For the last four or five years I have found, that when a new loan is made, most capitalists only changed one property against another, and very little property is wanted from this country [4,866] I know," he adds, "that

every foreign loan that has been made has done very little injury to the exchanges, because an immense deal of stock has always changed hands, and been re-sold to foreign capitalists with a profit." It is, moreover, to be [4,906] taken into consideration, that the interest paid upon those loans operates the other way in favour of England; and it would seem, therefore, that, upon the whole, those loan transactions have produced no great effect one way or the other upon the exchanges.

V. GENERAL STATE OF TRADE.

What, then, it may be asked, is the principal source from which the prevailing current of the exchanges really flows, and by the increase or diminution of the supply in which the stream rises or falls as it passes through the various commercial countries of the world? It is the general state of trade between the nations; [Rothschild, 4,859.] and each nation drinks of a smaller portion of the current, in proportion to the quantity taken out of it by that with which it is more immediately in contact. In other words, as Mr. Rothschild puts it, the balance of payments as to those countries with which you trade is really and truly the only guide for the rate of exchange. [4,800.] If the balance of payments be against you, the exchanges are against you, and *vice versa*.

Now, the general excellence and cheapness of our [4,856] manufactures attracts to England customers from all parts of the world.* England is, moreover, the place of settlement for whatever is wanted in India, China, Germany, Russia, the Brazils, and the Americas. [4,799, 4,866.] If we import from Sweden £1,000's worth of iron, and manufacture it, we raise its value to £10,000. So, also, the cotton, which we receive from America, costs three pence or sixpence a pound; but when it is manufactured, that pound of cotton is worth four times as much. It follows, therefore, that, generally speaking, the balance of payments as between England and all other parts of the world to which we send our manufactures is in our favour. All the gold and silver of the world [4,871] have a tendency to come here; but that tendency is, to a certain extent, checked by foreign loans, by occasional [4,872] importations of corn, and by the constant importations of wool, wine, brandy,

* I am bound to observe, that the whole of this statement should be received with great caution. Practical men say, that no country can for a *continuance* sell more than it buys. Upon this subject, I am happy to be able to refer the reader to an extract from Mr. Cook's admirable pamphlet, Appendix F.

fruits, and other commodities and articles of luxury. Mr. Rothschild states it as a matter of fact, within his own experience, that there [4,876] is a surplus of articles exported from this country above those imported, in consequence of which there is a regular payment of gold to this country from the whole world. [4,875.] "I purchase," says he, "regularly, week by week, from £80,000 to £100,000 worth of bills, which are [4,877] drawn for goods shipped from Liverpool, Manchester, Newcastle, and other places, and I send them to the continent to my houses. My houses purchase against them bills upon this country, which are drawn for wine, wool, and other commodities. But if there be not a sufficient supply of bills abroad on this country, we are obliged to get gold from Paris, Hamburg, and elsewhere." In this way there is, in point of fact, in the [4,876] ordinary course of things, a regular payment of gold to this country from the whole world, which shows, that the bills drawn abroad are not equal to those drawn at home; and that "the bills drawn upon the Royal Exchange [4,877] must bring gold from all parts of the world."

VI. OPERATIONS OF INDIVIDUALS, SINGLE OR COMBINED.

If the general state of trade be the true guide of the exchanges, it follows, therefore, that no individual, or combination of individuals, could succeed in influencing the exchanges for any considerable period of time. A person of capital, if disposed to make such an experiment, might undoubtedly go on the exchange, and by buying bills on two or three post days very largely, he [Rothschild, 4,795] might, to a certain extent, affect the market. But he cannot buy the bills unless they be in the market; and their presence there is the result of the general state of [4,976] trade, which it is not in his power to control. Even

* This statement, however, must be taken literally, with reference to the par of exchange and the premium on gold abroad. It appears, that between the 1st of February, 1820, and the 1st of June, 1832, the rate of exchange on Paris was never under twenty-five francs and twenty-two centimes, and that, during the whole of that period, gold bore a premium at Paris ranging between one and seventeen francs per 0.00. Nevertheless, as compared with other periods, the [Ward, 1,908] exchanges have been considered adverse; perhaps, more properly speaking, we should say less "favourable" to this country, when they fell, in August 1824, from 25*fr.* 62*½c.* to 25*fr.* 40*c.*; and after ranging as low as 25*fr.* 32*c.* did not rise again above 25*fr.* 60*c.*, until February, 1826. So, again, they were below 25*fr.* 60*c.* between August 1827 and February 1829. From March 1829, they kept high until September 1830; they then continued looking downwards until March, [Gurney, 3,513.] 1833, when they recovered again, and rose gradually to 25*fr.* 97*½c.*

the Bank of England, with all its capital, could never, were it so inclined, guide the exchanges for any extended period. It might possibly act upon them for a little while; but unforeseen circumstances—circumstances incapable of being calculated upon, or of being in any way controlled or provided against—arising out of the commercial operations of people in every quarter of the old world or the new, would prevent any power [4,799] whatever, collective or individual, from producing an artificial effect upon the exchanges during a period of even two or three successive months. Things will always find [4,798] their level; and whatever concerted obstructions may be thrown in their way, the exchanges will eventually come round again.

(Continued at page 49.)

Philadelphia, May 30th, 1835.

To G. W. Toland, Esq. one of the Representatives of the City of Philadelphia in Congress.

Dear Sir,—I beg leave to submit to you some reasons which have occurred to me as justifying the course pursued by our banks in not contracting our currency and ruining their otherwise solvent debtors, in order to imitate the New York banks in their involuntary resumption of specie payments.

With great esteem I am,

Yours sincerely,

ROBERT HARE.

By the most zealous advocates of hard money it cannot be denied that the competency of specie to act as money is dependent altogether on its ability to create, in the mind of each successive holder, an expectation that it will pass as money at the value at which it may be received. They cannot deny, that during a century in which a piece of coin may have been current, all those attributes which give to it a value over other substances have been inert. As a metal it will have done nothing. Evidently its sole mean of utility has been its power of creating a confidence that it will pass in the market without depreciation. It follows, that whatever else may prove competent to produce a similar confidence, under like circumstances, must, as money, be equivalent to coin.

Hence, when a bank, having the confidence of the community, founded on a knowledge or belief that it has ample means to support its credit, issues bank notes, or gives credits on its books in return for specie or other notes or credits of banks or individuals; the bank notes or credits, thus given, will, as money, have all the useful attributes of coin, so long as they pass in the market for the value, in specie, at which they may have been issued. Whether this value be such, that a ten dollar note of the bank in question will only buy nine dollars and fifty cents in gold, or that it will buy more than ten dollars worth of that metal, as do the notes of the United States Bank in some of the southern and western states, makes no important difference to the dealer, who can pass them at the price at which they are received.

When the banks stopped specie payments, in May last, every note which they had issued, and every credit given by them for deposits, appeared to fall in value, relatively to gold, from five to ten per cent. But it is to be inferred that there was an actual deprecia-

tion of their notes and credits to that amount?—Was it not owing to a rise in the price of specie, which had become an object of demand for exportation, to pay the balance of trade with Europe, caused by a failure in the price of our produce? Is it not, evidently, inconsistent to consider a currency as depreciated at a time when, with ample security, it can command an unusually high rate of interest? Were our bank circulation to be estimated by the well-secured yearly income which it was then capable of purchasing, was it not more valuable to the possessor than during the period in which it could be exchanged, without loss, for specie?

Is it not evident that the same causes which deprived the banks of the power to redeem their notes or credits with specie, by impairing the credit of individuals, gave to bank notes and bank credits an unusually high value, so that the holder of them, in lieu of being a sufferer, was a gainer by the change?

Viewing the subject thus, could any thing have been more mischievous, absurd and unjust, than to have forced them to resume specie payments, upon the plea of their legal liability, or to use the argument of Shylock, because it was "in the bond?"

The public interest requires not only that the currency shall be of a nature to create a confidence similar to that created by hard money; but, likewise, that it shall not be deficient in quantity. As much distress may arise from good currency, of which there is a deficient supply, as by a redundant currency in which confidence is impaired. In the one case, although people can command money, they are afraid to hold it; in the other, although desirous to employ money, they cannot get enough to use. In either case business will languish, from the check given to all negotiations in which a resort to money is indispensable. As the best measure of value, specie is all important; and the command of it is one of the most efficacious sources of that confidence which is essential to a currency. But the necessity of specie as a mean of confidence, is much increased by the erroneous impression, that it is the "basis" of paper credit. But, notwithstanding the injurious influence of this error, experience has demonstrated during the suspension of specie payments, that the inconvertibility of a paper currency into specie may produce but a trifling difference of value relatively to gold. The present market rate of interest shows that our currency is, at this time, more valuable than in the year 1835, when it was exchangeable at par for that metal.

As respects the quality of producing in the possessor a confidence that it would not depreciate in his hands, the currency of the New York banks has been perfectly good. Far from any distrust having existed with respect to the circulation of that city, it has been above par in the southern and western markets.

Obviously, the money pressure in New York has not been the consequence of any fear of holding the currency; but, on the contrary, has resulted from inability on the best security to obtain a quantity adequate to the purposes of commerce. Had the non-payment of specie injured the circulation in the public confidence, so as to render dealers fearful of employing it, the resumption had been indispensable; but situated as New York has been, the measure, in my humble opinion, tends to exacerbate the only existing evil.

It has been alleged above that specie has but two important bearings on a paper currency. Of these, I conceive its utility as a measure of value to be readily more important. The other bearing is its influence, as one of the corner stones of public confidence, in which capacity I have endeavoured to show its necessity is much enhanced by prejudice and misapprehension.

sion. But while this supposed "basis" had ceased to influence even the imagination of the currency holders, the confidence which it had contributed to build up still remained unshaken, deriving ample stability from its real foundation in the wealth of the banks.

As a measure of value, specie still performed its office. It still served to tell the New York dealer that, in reference to gold, his currency was about three per cent. lower than its nominal value; but it also served to inform both the New York dealer and the European capitalist, that a given amount in the notes or credits of the New York banks would, upon good security, yield them, in that city, a golden income, greater than an equal nominal sum in sovereigns or Napoleons would yield in London or Paris.

Under these circumstances, instead of forcing a resumption of specie payments in order to increase a confidence, of which no deficiency existed, and which must render it necessary to reduce a circulation, already inadequate for the purpose of commerce, it would have been the interest of New York to have expanded her issues of bank credit, so as to equalise her currency with that of adjoining states.

In the way of any efforts to coerce a resumption of specie payments, there is an inherent obstacle. Rendering a peremptory and premature call on the debtors of the bank inevitable, it tends to create insolvency where, otherwise, it would not exist. Thus it impairs the value of the securities on which the wealth of the bank is dependent, and that belief in their ultimate ability to meet their engagements, on which confidence in their circulation reposes.

Had the banks given the state security for their circulation, the state guaranteed that circulation to the holders, obliging the banks to redeem their notes with specie or with state stock, bearing legal interest; the circulation of New York might have been safely expanded so as to meet the wants of the community.

In my humble opinion, New York has suffered much monetary injury and embarrassment, through the co-operating influence of party politics, and an erroneous idea of the obligation which exists between bankers and the holders of their circulation.*

As the emporium of our national commerce, and the receiver of the greater part of our revenue, her currency becomes necessarily an object of greater or less demand throughout the Union.

Instead of curtailing her circulation, it was manifestly the interest of our commercial metropolis to have expanded it as far as required for all the wholesome operations of her commerce. If the administration were really desirous of expelling from circulation the notes of the late national bank, the policy is ill-judged which represses the only currency which could have competed with them.

The recent importations of specie into that port, if permanently loaned out at interest on good security, will afford a gain to the Bank of England, or other proprietors, of all the difference between the rate of interest in London and New York, being from two to three

per cent; but, otherwise, it will operate disadvantageously to Great Britain, and those interested in the importation and sale of British manufactures, by diminishing the balance to be paid us in that kind of merchandise.

It appears to me that the great evil under which our country now suffers, is the want of a universally current medium of commercial exchange; or, in other words, of a money which will pass every where, so that there may be no loss in remitting it from one part of the Union to another. As an indispensable means of attaining this object, the resumption of specie payments throughout the United States is a "consummation devoutly to be wished." But, agreeably to my view of the case, it would be as reasonable to expect Atlantic tide to affect the level of the waters in our lakes, as that an influx of hard money into our principal seaport should raise the value of the currency in the remote parts of our country, to a level with specie.

It has been alleged that so long as the issues of the New York banks are in good repute at home, they will be available in all parts of the Union, as a means of remittance for the purchase of merchandise or payment of duties; but it does not follow, that because bank notes retain the public confidence in a place remote from New York, that they will be current in that city. Not being wanted as a remittance homeward, and being unknown generally in our great seaport, they will not pass there. Their circulation must be limited to the region throughout which they can command the confidence of the public. Locally, that confidence may be sufficiently enjoyed, and perfectly well merited; but beyond its appropriate sphere, it cannot avail. This renders the agency of a national bank, or an association of banks, indispensable to create a money which may be universally current. That, without the aid of such a bank or a substitute, exchanges should be equalised, and our currency every where elevated to the specie standard, is a result of which experience evidently does not warrant the expectation.

Moreover, I cannot conceive that any person who is acquainted with the history of the general resumption of specie payments in 1818, can expect that a similar change will ever be effected or sustained, without an harmonious and energetic co-operation of the general government with our principal banks.

Although there appears reason to hope that the banks of my native city may soon, without injury, imitate the example of their specie-paying neighbours; so far as my reasoning may avail, it must still tend to procure indulgence for analogous institutions in other parts of the Union; who, without distressing or breaking debtors, may be unable to resume at an early period. For one, I should be quite sorry to see our bankers, by an over estimate of the effect of the repeal of the specie circular, unduly hurried, and driven from the reasonable position, that the nation, in effecting a resumption, has a right to expect the zealous assistance of the government, similar to that afforded in the year eighteen hundred and eighteen.

THE MISSISSIPPI BANKS.

From the Mississippian.

The suspension of specie payments found our legislature, then as now, filled with the officers of the different banking corporations in the state. Last January twelve months, a majority of the members of the senate were directors of banks—and the number in the house was very large. At the last session, a single bank had four directors in the legislature, two in each house. We do not question the honesty or patriotism of any member because he is a director, but we are opposed

* I do not consider a bank as the debtor of the note holder or depositor, so long as their notes or credits are supported at the market price at which they were issued. The bank is virtually obligated to furnish a currency which will answer the purpose of money, so as to pass in the market without depreciation. Of course, the bank stands in the relation of an obligor, rather than in that of a debtor, and becomes only so far liable as it may fail to perform its obligations. Laterally and legally, the bank is bound to give for their notes their nominal value in specie; but when they fail to do this, and the holder, having occasion for specie, has to pay a premium in the purchase, there is no damage actually sustained if the premium is the consequence of a rise in the market price of specie, not of a depreciation in the currency with which it may be bought. In any case, the premium thus paid is the full amount of the damage sustained.

to the principle of making a man a legislator in his own cause. The law has wisely provided that no man shall be a judge to administer the law when he is interested; why then should he be permitted to make the law which is to regulate interests, in which he is so deeply involved? After the suspension of specie payments, the legislature adopted a series of measures which might be anticipated from a body so constituted. Banks were multiplied, whose charters were destitute of all salutary regulations. Instead of curtailing their operations, many of the banks expanded, and filled the country with a currency in which the public could have little or no faith.

From the following resolutions, it would seem that the people are not content with this state of things, and possibly they may in time do something towards reducing the power of the bank dynasty. God speed them.

At a very numerous meeting of the citizens of Vicksburg, convened on a suggestion contained in our city papers, held at the Arcade, W. L. Sharkey, Esq. was called to the chair, and George Brungard appointed secretary.

The objects of the meeting were briefly stated by the chair, to be an enquiry into the causes of the present depreciated state of our currency, and the most opportune and speedy means of ameliorating the same.

Whereupon the following resolutions were offered by Mr. R. H. Crump:—

Resolved, That the present depreciation of the bank paper of the state is a grievance which demands an immediate remedy.

Resolved, that the banks of this state owe it to the people, to the credit of the state, and to their own character, to make a full exposition of their affairs, and of all the causes which have produced the ruinous depreciation of their paper.

Resolved, That it is their duty to invite scrutiny, to show what disposition they have made of the cotton crop of the state, the amount of northern funds now at their disposal, and of cotton yet unsold.

Resolved, That it is the duty of the banks to use all their means to raise the credit of their paper, an object in which the whole community is deeply interested, and for this purpose they are requested to use their northern funds, and so far relieve the present distress.

Resolved, that this meeting regard with marked disapprobation the acceptance of a bank directorship by a member of the legislature.

Resolved, That the people throughout the state be requested to hold meetings to take the subject of the currency into consideration, and to devise means for placing the credit of Mississippi on a basis commensurate with the energy and intelligence of her people, and her inexhaustible resources.

Resolved, That our members of the legislature who are bank directors be requested to resign one station or the other.—*Vicksburg Sentinel*, April 24.

From the Mississippi Free Trader.

As faithful chroniclers of the times, it becomes our duty to give their "form and pressure" as we find them now existing. Against the banking institutions of Mississippi, we find the voice of their former warmest and most devoted friends becoming loud, indignant, and denunciatory. Every day only increases public imprecations against their unscrupulous swindling.

There is no milder epithet to express popular feeling, and we therefore use it as we find it in the mouths of the most intelligent men in the country. At our own doors we are compelled to give from 50 to 100 per cent. on our bank paper! and when it is borne in

mind that our banks have the strongest foundation of any in the United States, and could at once raise their money to par with that of Louisiana and the adjacent states, it is not surprising that popular clamour should increase. When men are robbed of one half of their earnings, they are not apt to speak in the mildest accents; and every one who buys a dollar's worth of any commodity, or puts his foot on a steamboat, will soon find that he had to pay fifty cents of every dollar he expended for the benefit of banks and bank officers.

We tell the banks of this state that they have played too "strong a game;" that the people are not disposed to bear their exactions much longer, and that they will endeavour to find a method of making them act honestly—making them act for the people, for whose advantage they were instituted, instead of the favoured few who control them. They must raise the value of their paper, and they must do it soon; there is no time to be lost. They managed to smuggle a large number of their officers into the last legislature, and succeeded in getting a bill passed for their relief (as they thought); after this, they "snapped their fingers" at the people, appointed another batch of the members of the legislature to the directory, and then declared that they would not draw on the north this year. Suddenly their paper depreciated; all wanted to get clear of it at any price; and as the banks themselves were alone able to purchase, as they alone had northern funds, the paper has been reduced to its present degradation. Bank officers are said to have sold checks in this city at 30 per cent. and we have heard of bank officers buying plantations and negroes, and paying up the cash for them.

How can this be done these times? We owe a duty to the public and the banks, and we must speak out. We will not say how it is done, but we will tell how it can be done. A bank director says he wants \$150,000 for a few days; he gets it, and draws checks on the north to the amount. He gives out that the banks do not intend to check during the year, and the paper falls fifty cents on the dollar. His agent or himself buys up the paper, and in ten days he goes back and pays the bank the \$150,000 he borrowed, and then he goes into Madison, Hinds, Warren, or any other county where the sheriff is pressing, and buys up a plantation and negroes with the balance.

MISSISSIPPI BANKS.—The people of Mississippi bear it very well when the banks go out and buy their cotton, at twice its value, but when they turn round to spend their money, and find all they want to buy to be at double price, the feeling changes, and they hurry back to the banks to get eastern money which will buy so much more provender than their own, and when they can only get rags for rags, they talk as follows.—*Jour. of Com.* 22d May.

From the Mississippi Intelligencer.

Both in Vicksburg, Natchez, and perhaps in other bank-ridden places in the state, there is a deep and increasing indignation at the conduct of our banks. We pretend not to know the truth of the charges against them. But if, instead of selling their northern funds at a fair premium, they are employing them in degrading their own paper and then buying it up, we know of no language strong enough to express our abhorrence of such conduct. This charge is confidently made and believed, and we can very well understand how it is the river banks are in actual danger of being mobbed. If the hypocritical instruments of alleviation have transformed themselves into instruments of distress and torture, it is time that the people should be aroused—but not to deeds of violence. If the banks are thus

guilty, let the people rise in their majesty and instruct the bank-ridden, we had almost said bank-bought, legislature, and in a voice which they dare not disregard, to rid the state of the vampires which are rioting on its vitals.

SMALL BUSINESS.—We have just seen a very handsome \$50 note of the Vicksburg Bank, which at first view appears to be in common form, and in full print, payable on demand. But over the vignette, and close under the marginal ornament, is written with a pen, so that no one would be likely to find it unless looking for it, the words, "After 16th Feb'y, 1839." So the whole reading is, "After 16th Feb'y, 1839, the Bank of Vicksburg promises to pay, on demand, fifty dollars." The signers of this "on demand" paper payable ten months hence, are R. B. Milliken, Cashier, and W. F. Markham, President.—*Jour. of Com.*

THE WAY THEY DO THINGS IN MISSISSIPPI.—The old fashioned and vulgar mode of compelling a man to pay his debts by legal process seems to be utterly scouted by the "free and enlightened citizens" of Mississippi. The Louisville Journal says, in Lauderdale county, on the night preceding the time for the opening of the spring term of the circuit, the Court House was burned down. The judge, unwilling to be thus baffled, determined to hold the court in some other building, but the sheriff resigned. The duties then devolved on the coroner, but he too resigned; and the judge was actually obliged to go home and leave the litigants to take care of themselves.

From the Globe of May.

Extract from a letter to a member of congress from a friend in Mississippi:—"The times are truly alarming here. Many plantations are entirely stripped of negroes and horses by the marshal or sheriff; and, to add to our other difficulties, our bank paper is getting worse and worse every day. We cannot get plantation supplies for less than double New Orleans prices with our money. Suits are multiplying—two thousand five hundred in the United States Circuit Court, and three thousand in Hinds County Court. Silver is demanded, and our citizens threaten violence and bloodshed. We are in a bad situation.

The Vicksburg Register of the 12th June says,—"We understand, by a gentleman from Tehula, that about four hundred and fifty bales of cotton belonging to the Holly Springs Banking Company was consumed by fire a day or two since in the Yazoo river."

HARD TIMES IN MISSISSIPPI.—A friend has sent us a copy of the Raymond Miss. Times. There is not a single editorial remark or a single communication in it. The whole paper is filled with advertisements of "Sheriff's sales" and "Trust Sales"—81 in number. How beautifully sounds the late boast of senator Walker: "There is no distress among my constituents."—*Louisville Journal.*

LIBERAL SALARIES.—The annual salaries of the officers attached to the Mississippi Union Bank exhibit a great degree of liberality on the part of that institution. It gives to

H. G. Runnels, President, . . .	\$10,000
— Gildart, Bank Attorney, . . .	10,000
Samuel Gwin, Cashier, . . .	8,000
— Greenleaf, Ass't. do.	6,000
— Wyatt, Teller,	3,000
— Price, Clerk,	2,000

NEW YORK GENERAL BANKING LAW.

MECHANICS' BANKING ASSOCIATION.—At a respectable meeting of two hundred and fifty mechanics, held on Friday evening, 25th May last, to take into consideration the propriety of establishing a Banking and Loaning Company, under the general bank law, Mr. John J. Labagh was appointed president; Mr. William Mandeville and Mr. Richard E. Mount, vice-presidents; Mr. James Van Norden, Secretary.

The following resolutions were severally presented, considered and unanimously adopted:—

1. *Resolved*, That the act entitled "an act to authorize the business of banking," passed April 18, 1838, is sufficiently liberal and satisfactory to justify the commencement of operations for banking and loaning, in conformity with the provisions and conditions therein contained.

2. *Resolved*, That in consideration of the great and increasing pecuniary interests of the mechanics of this city, a Banking and Loaning Association, formed under the general bank law, with a capital sufficient to meet the wants of that class of citizens, sustained mainly by the mechanic interest, and having for its directors those whose interests are directly identified with mechanical pursuits, is proper and expedient, and is well worthy of their particular consideration.

3. *Resolved*, That a committee of fifteen be now appointed to digest a plan for a bank, to be known as "The Mechanics' Banking Association," and that the said committee have power to take all legal and proper measures to favour an association in conformity with the views expressed in the foregoing resolution.

The following persons were then appointed on said committee:—

John J. Labagh,	Jacob B. Bunting,
William Mandeville,	Andrew Lockwood,
Richard E. Mount,	Benjamin Birdsall,
Joseph Tucker,	E. B. Clayton,
Andouiram Chandler,	E. O. Comstock,
Samuel Roome,	William Harwell,
Wm. H. Peck,	James Van Norden.
Thomas R. Mercein,	

In conformity with the authority conferred by the above resolutions, the committee submit the following propositions:—

1. To establish a bank in this city under the general bank law.

2. To be designated as the Mechanics' Banking Association.

3. The capital to commence with the sum of one million dollars, or such other sum as may be subscribed for previous to filing the articles of association, with power to increase to five millions of dollars.

4. To be divided into shares of \$25 each.

5. To be under the charge and direction of twenty-one trustees or directors, of whom twelve at least shall be persons actually engaged in mechanical pursuits or who had heretofore been so engaged.

6. The directors or trustees to be elected by the shareholders—each share to have one vote,—to be elected for three years, and to be divided into three classes of seven each, so that seven shall be annually chosen.

7. The capital stock to be paid in cash in the stock of the United States, of this state and the other states of the Union, or secured to be paid by mortgages on unincumbered real estate.

8. No shareholder in this association shall be liable in his individual capacity for any contract or engagement of the said association.

9. No transfer to be allowed on the books of the company until the whole amount is paid or secured to

be paid as above mentioned; but a scrip will be given after the two instalments are paid, acknowledging the sum paid, which may be assignable by endorsement.

10. The full amount may be paid at any time and the usual certificate of stock be granted.

11. The association shall terminate on the 1st January, 1890.

NOTICE IS HEREBY GIVEN, That subscriptions to the capital stock of the Mechanics' Banking Association, will be received at the Mechanics' Exchange, No. 8, Broad street, on Monday, Tuesday, and Wednesday, (the 25th, 26th, and 27th of June, inst.) between the hours of 11 A. M. and 2 o'clock P. M., and on the succeeding Thursday, Friday, and Saturday, at the committee room of the Mechanics' Society's building, in Crosby street, near Grand street, between the hours of 3 o'clock, P. M. and 7 o'clock P. M.

CONDITIONS.—Shares \$25 each.

\$2 on each share to be paid at the time of subscription.

\$2 to be paid on Wednesday, the 1st of August, 1888.

\$2 to be paid on Wednesday the 5th of September, 1888.

\$1 to be paid 20 days after the bank shall have commenced business.

Shares \$10—making in the whole 40 per cent.

The residue or 60 per cent. to be paid as follows:—In cash, 60 days after the bank has commenced business, or it may be secured by mortgages as follows, say \$150,000 "by mortgages upon improved, productive, unincumbered lands within this state, worth, independently of any building thereon, at least double the amount for which they shall be so mortgaged, to be made under such regulations for ascertaining the title and value as the comptroller may deem proper, vide Bank Law, Sec. 18." And the balance on real estate situated in the city and county of New York, free from every incumbrance and of unquestionable value, bearing interest at 6 per cent. payable yearly.

In order to afford ample opportunity to examine property and evidence of title, notes will be received for this instalment at six, nine, and twelve months, with interest from the time the bank commences business, for which the mortgages may at any time be substituted, previous to the time of expiration, and the notes be cancelled.

* * * Written applications for stock, addressed to either John J. Labagh, William Mandeville, Richard E. Mount, or Thomas R. Mercein, (acting trustees until directors are chosen,) will be duly entered on the subscription book.

GENERAL BANKING LAW.—We have the satisfaction to state that a large number of our most respectable practical mechanics are now engaged in establishing a Mechanics' Banking Association, under the general law, intending to embrace the great and constantly increasing mechanic interest in this city; and in its details making the most salutary provisions for journeymen and apprentices.

We have seen a sketch of the general plan, and deem it worthy the attention not only of those engaged in mechanical pursuits, but of the public at large.

The committee who have the matter in charge, are citizens, who, by their industry, perseverance, and attention to business, have earned a character which will no doubt command the confidence of the public.

The capital is to be one million of dollars, with the privilege of increasing to four millions, to be paid part in cash and part by bonds and mortgages on unincumbered property in the city and county of New York.—*N. Y. Star, June 5.*

The books for the Mechanics' Banking Institution remain open till to-morrow evening. We understand a very large amount is subscribed, so large that no doubt remains of its going into operation. This will probably be the first bank under the new law. As business increases, and confidence is restored, other banks besides those already in progress will no doubt be formed.—*N. Y. Express of 29th June.*

The citizens of Orleans county are taking measures to establish a bank under the general banking law of \$500,000 capital. The bank is to be located at Gaines.

The report is in general circulation in Wall street that Mr. Biddle will be here in a week or ten days, for the purpose of making arrangements for opening his new bank or branch; and further, that bank certificates of the western banks will be received at very favourable rates. Whether the report is well or ill-founded, we cannot say. Now the sub-treasury is defeated, it is a natural supposition that Mr. Biddle will take early steps to carry into effect the establishment of this bank; and any arrangement that can be made by which southern funds can be turned into cash, will produce a most beneficial effect. The public are suffering, beyond all account, from the great difficulty in negotiating. If the exchanges on the south can be brought down to from 5 to 8 per cent., instead of from 8 to 20, as they now are, it will be most acceptable.—*N. Y. Express.*

PENNSYLVANIA, &c.

In the name and by the authority of the Commonwealth of Pennsylvania, by JOSEPH RITNER, Governor of the said Commonwealth.

A PROCLAMATION.

The period has arrived when the series of misfortunes produced by the injurious interference of the national government with the currency of the country is about to terminate. Congress having risen without sanctioning the attempt to give to the federal executive the entire control of the national wealth, and of the whole amount of specie in the country, and the consequent power to effect and wield to its own purposes all the capital and credit of the union; and having also imposed certain salutary restrictions on so much of this power as had been already arrogated, it is incumbent on the commonwealth of Pennsylvania to put forth her strength, to quicken her dormant energies, and to take that stand in the trade and commerce of the union which her unbounded resources, her vast natural and artificial facilities for their development, and the solid and energetic character of her citizens demand; to deprive her of which stand, all the measures of the national government have recently tended.

For the production of this most desirable result, the measure first requisite is, that an end be put to certain open infractions of the spirit of the laws, which have been forced upon us by the overbearing necessities of the times; and to restore credit and the currency to the firm basis on which they stood before their late derangement was unnecessarily brought on the people.

I, therefore, by virtue of that enjoyment of the constitution which requires the governor of the state to take care that the laws be faithfully executed, and for the purposes aforesaid, do hereby require all banks in this commonwealth, on or before the thirtieth day of August next ensuing the date hereof, to resume and continue the redemption of their respective notes, bills and other obligations, in gold and silver coin, according to the true intent and meaning of their charters. And,

for the purpose of aiding those institutions in the accomplishment of this laudable object, I deem it proper to state, from the information I have obtained, that their solvency and general condition is such as to entitle them to the confidence of all who hold their notes, their amount of specie on hand being largely increased, and of notes in circulation much diminished, since the suspension of specie payments in May, 1837.

While it is thus cheerfully announced that the means of the banks are ample, and that their conduct has been, throughout the late trying crisis, generally such as to sustain our already high character for punctuality, honesty and solvency, maintain and even increase our trade, keep up the value of property, and prevent the state from becoming the theatre of panic or distress, yet I shall feel bound, in duty to the public, to take all the means in my power to compel a return to that agency and responsibility to their creditors for which they were created. If, however, a return be promptly and faithfully made to that line of duty to the laws and to the public from which they have been compelled to depart, the occurrences of the past year will only be recorded in our history as another instance of the perfect adaptation of republican institutions to the demands of every crisis, and will show that common and overruling necessity, being bowed to by general consent, becomes for the time the law of the land. But to justify such rule of necessity, and to prevent future evil from its unnecessary recurrence or unjust continuance, it is indispensably requisite, that the instant the pressure of circumstances which produced it ceases, the empire of the express and ordinary law of the land should be restored. Accordingly, if on the other hand a return to general and real redemption in specie, and a withdrawal of all illegal paper money from circulation, do not now take place, when all admit that it may, with safety and public benefit, I shall hold it my duty, forthwith, to take all the measures to compel it which the constitution and the laws have placed in my power; and at the opening of the next session of the legislature, to recommend the passage of such laws as may more effectually guard the future from the evils of the past.

And further, for the purposes and by virtue of the enjoyment aforesaid, I do also hereby require all persons or bodies corporate, who may have violated the laws of this state, by the emission and circulation of notes of any denomination under that of five dollars, commonly called "Shin-plasters," to take instant measures for the full and honest redemption of the same, in gold and silver coin, or such other ample equivalent as shall be satisfactory to the holders thereof, under pain of the penalties, if this notice be not complied with in a reasonable time, it will be the duty of all good citizens to enforce.

Should this requirement be fully and promptly complied with, the commonwealth will be restored to that sound currency which she possessed before the suspension, viz. one composed of gold and silver for all sums tender, and of notes instantly convertible into specie for all sums of and over, five dollars. The result of the attempt to improve the currency will then obviously be, that the only paper issues in circulation, and not convertible into specie at the place whence issued, will be those of the national government.

In communicating thus publicly with my fellow citizens on this most important and interesting matter, I would respectfully and earnestly say to all, be firm and cool in the emergency. Trust in the laws, have confidence in the institutions, and sustain the high credit and character of your glorious commonwealth. You have borne yourselves through the crisis nobly and honourably; you have come almost uninjured out of the trial. Make one more calm and steady effort and

all will be well. The forbearance and determination heretofore exhibited have been such as to reflect credit upon the state, while it has strengthened the hands and cheered the hearts of your public agents in the performance of duties of no ordinary difficulty. Contrasting, as is naturally done, the feelings and hopes connected with this attempt to aid the resumption, with those which animated me when I addressed my fellow citizens on the subject of the suspension of specie payment, I cannot but rejoice at the difference. We were then entering upon a new and untried course of action whose happy termination was only matter of hope. We are now at the conclusion of our doubts and fears, and with the blessing of Providence on the exertion of our own moderation and industry, about to return to our usual confidence and prosperity.

Given under my hand and the great seal of the state, at Harrisburg, this tenth day of July, in the year of our Lord one thousand eight hundred and thirty-eight, and of the Commonwealth the sixty-third.

By the Governor:

THO. H. BURROWS,
Secretary of the Commonwealth.

BANK STATISTICS.

MARYLAND BANKS.

The editors of the Baltimore Chronicle have received a copy of the statements made to the treasurer of Maryland, in the month of May, by all the banks of the state.

The following is an abstract of their aggregate capital, loans, circulation and specie, viz:

Capital,	\$11,370,675
Loans,	14,805,125
Circulation,	3,027,689
Specie,	1,538,904

The following is the condition of the banks in Baltimore, as respects the above items, viz:

Capital,	\$9,442,437 50
Loans,	12,225,741 41
Circulation,	2,131,798 88
Specie,	1,109,540 65

OHIO BANKS.

View of the condition of the Banks of Ohio, from the statements of June 1, 1838.

Notes and bills discounted,	\$14,968,675
Deposites in eastern cities,	2,078,899
Due from banks,	729,077
Bank notes,	1,145,281
Specie,	2,879,209
Real and personal estate,	361,160
Other investments,	2,790
	\$22,165,091

Capital paid in,	9,835,199
Circulation,	6,340,947
Deposites,	2,848,464
Due to banks,	624,501
Surplus,	1,152,619
Due United States,	744,643
Due Bank United States on time,	718,718
	\$22,165,091

BOSTON BANKS.

The Associated Banks of Boston.

According to the return made to the standing committee of the Associated Banks, an abstract of which

has been made by their secretary, showing the condition of the several banks on the 5th of May; the aggregate amount of capital stock is \$16,900,000. The aggregate of their circulation is 2,184,366, showing a diminution, as compared with the return of April 7th, of 47,153. The amount of balances due to other banks is 2,705,492, showing a diminution in the last four weeks of 364,972; deposits 3,325,517, being an increase of 225,435; deposits on interest 1,576,969, being a diminution of 43,419; specie on hand 1,439,580, being an increase of 224,144; bills of other banks in the state on hand 1,922,481, being a diminution of 243,220; bills of banks out of the state 141,280, diminution 161; balances due from other banks 2,397,660, increase 289,271; amount of loans 31,715,419; diminution 437,190.—*Boston Daily Advertiser.*

GEORGIA BANKS.

Specie capital and circulation of the several Banks in Georgia.

Banks.	Specie.	Circulation.
Planters' Bank, . . .	\$294,784 93	262,684 00
Monroe R. R. & B'king Co. . .	23,383 87	198,310 00
Commercial Bank, . . .	60,607 35	208,566 00
Bank of Milledgeville, . . .	104,950 52	316,365 00
Planters' & Mechanics' B'k. . .	59,490 65	149,400 00
Marine & Fire Ins. Co. . .	110,320 87	349,973 00
Bank of St. Mary's, . . .	14,482 20	56,230 00
Farmers' B. of Chatahoochee, . .	1,514 52	27,040 00
Ocmulgee Bank, . . .	76,587 90	194,400 00
Augusta Ins. & B'king Co. . .	120,278 97	526,737 00
Western Bank of Rome, . . .	38,900 63	213,135 00
Central R. R. & B'king Co. . .	185,678 40	462,749 55
Insurance B'k. of Columbus, . . .	202,043 10	29,127 00
Bank of Columbus, . . .	136,369 56	677,441 00
Georgia R. R. & B'king Co. . .	281,398 58	741,790 00
Bank of Darien, . . .	126,130 09	612,914 00
Mechanics' B'k. of Augusta, . . .	173,227 19	765,909 00
Bank of Augusta, . . .	233,479 89	405,840 46
Bank of the State of Georgia, . . .	567,659 44	1,175,649 00
Bank of Hawkinsville, . . .	38,930 66	279,364 00

Total, . . . \$2,850,243 32 7,654,738 01

Milledgeville Journal.

NEW ORLEANS BANKS.

Situation of the Banks of New Orleans.

Agreeably to the statement of these institutions, published officially, it appears that their respective circulation, on the 7th of May last, stood thus:

New Orleans Canal and Banking Co. . .	\$305,355
Carrollton Railroad & Banking Co. . .	627,555
Citizens' Bank of Louisiana, . . .	227,565
City Bank of New Orleans, . . .	737,735
Commercial Bank of New Orleans, . . .	940,935
Consolidated Association, . . .	373,265
Exchange and Banking Co. . .	467,735
Gas Light and Banking Co. . .	708,005
Improvement and Banking Co. . .	704,400
Bank of Louisiana, . . .	302,732
Louisiana State Bank, . . .	275,585
Mechanics' and Traders' Bank, . . .	649,395
Merchants' Bank, . . .	4,020
Bank of Orleans, . . .	476,236
Union Bank of Louisiana, . . .	1,487,640

Total, . . . \$8,288,158

Deduct notes held by different banks on that day, . . . 2,885,798

Actual Circulation, . . . \$5,402,360

And that the specie in their vaults was as follows:

New Orleans Canal and Banking Co. . .	38,587
Carrollton Railroad and Banking Co. . .	161,682
Citizens' Bank of Louisiana, . . .	263,618
City Bank of New Orleans, . . .	158,145
Commercial Bank of New Orleans, . . .	166,553
Consolidated Association, . . .	89,993
Exchange and Banking Co. . .	36,710
Gas Light and Banking Co. . .	201,832
Improvement and Banking Co. . .	213,538
Bank of Louisiana, . . .	320,441
Mechanics' and Traders' Bank, . . .	153,537
Merchants' Bank, . . .	409,716
Bank of Orleans, . . .	226,674
Union Bank of Louisiana, . . .	313,562

Total, . . . \$5,016,831

The New Orleans Merchants' Transcript states that the agents of incorporated institutions have withdrawn from the cotton market. It is time they should. Money was easy in New Orleans by the last accounts—negotiations of paper well secured, being readily effected at rates very little above bank discount. The banks also had plenty of money for undoubted paper. Their aggregate condition on the 4th instant, was as follows: Paid capital, \$39,947,180; discounts and loans of all descriptions, \$51,797,013; individual deposits, \$7,469,638; circulation, after deducting \$2,434,679 held by the different banks, \$5,738,734; specie, \$3,053,235. Capital gained and profits undivided, \$5,356,534.—*Jour. of Com. 21st June.*

USANCE ON BILLS OF EXCHANGE.

From the Journal of Commerce.

Messrs. Editors: The complete demonstration of the practicability of navigating the broad Atlantic by steam must produce a vast and beneficial change in our commercial relations with Europe, whereby those relations will be cemented, and the great resources of this country better understood. The rapid interchange of ed- vices between England and this city renders it necessary some change be made as to the right at which bills on London are drawn, the calculation having been hitherto based on thirty days being employed in their transmission. This enabled the shipper to have his property at market in season to be fairly realised, prior to the maturity of the bills drawn against such property; whereas, by the intervention of steam, bills may appear long before the property gets to hand, and when shipped from our southern markets, and the bills forwarded to this by express mail for sale, and transmitted hence by the steamers, such bills may mature before the property can, with justice to the shipper, be realised. This subject merits the early action of the chamber of commerce, and the sight should be fixed at at least 90 days, for English bills, while I am disposed to believe that were it established at four months it would operate favourably on the trade of this country. Let this, however, be left to the wisdom of the chamber; only some change is evidently called for.

A MERCHANT.

ORDERS OF THE POSTMASTER GENERAL.—Letter postage is to be charged on all handbills printed or written; prices current, sealed or unsealed; proposals for new publications, circulars, lottery bills and advertisements, blank forms, deeds, law process, policies of insurance, and manuscript copy for publication. Also, letter postage on all packets that are closely enveloped and sealed, so that what they contain cannot be known.

AN ARMY OF PENSIONERS.—From a document communicated (among others) to the house of representatives recently, it appears that the number of pensioners on the rolls of the several pension agencies of the United States, at this time, is as follows:—

Invalid pensioners,	4,121
Under act of 18th March, 1818,	8,930
Under act of 15th May, 1828,	692
Under act of 7th June, 1832,	25,783
Under act of 4th July, 1836,	1,932

Total number of Pensioners, 41,458

COLUMBIA, S. C. June 1.—The legislature of South Carolina met on Monday last, and will close their session this evening. Great unanimity of feeling has pervaded this body, on the measure for which they were specially convoked; and they have fully sustained the high and philanthropic character of the state, by a magnificent loan for the benefit of the Charleston sufferers. The act (which we will publish next week) authorizes the governor to issue bonds for \$2,000,000; one of which shall be payable at the end of twenty years, and the other at the end of thirty years, at a rate of interest not exceeding six per cent.; and which is to become a part of the capital of the bank of the state, to be loaned out at its discretion, to individuals, on the appraised value of their lots in ten equal instalments, with ample security for the payment of the interest semi-annually, and the principal in twelve years. The act also requires that the building shall be built of brick or stone; and any profits derived by the bank on this additional capital are to be applied to the sinking funds. The loan on the state bonds is to be procured at the lowest rate of interest, either in this country or Europe.—*Sou. Times.*

SPECIE PAYMENTS.—The Louisiana State Bank has advertised that she will pay all her notes to bearer in specie. Now this is one of the humbugs of the day, too contemptible to notice, were it not that the announcement is calculated to give a wrong impression abroad.

The fact is, that the Louisiana State Bank will pay any of her old notes to bearer in specie, that may be presented, because she knows there are none out to present; or at most not exceeding sixty thousand dollars, of which she feels very certain that at least two thirds of that is lost. Besides which fact, we will state another, which is this, that so far from the State Bank resuming specie payments, she is daily issuing her post notes payable in 1841.—*True Am. March 9.*

SPECIE IN MOBILE.—A slip from the office of the Mobile Chronicle says: The ship Lexington, just arrived from Liverpool, has brought \$50,000 in specie, for the branch of the Bank of the state of Alabama, in this city. We understand that the same institution expects a large shipment for the advances made upon cotton. Our banks, we hope, will soon begin to make preparations for the resumption of specie payment. They should not delay this desirable event longer than the 1st day of January next, at furthest. May 15.

NEW ORLEANS.—We learn that the pecuniary affairs of our great neighbour are still somewhat embarrassed—and the American section of the city more so than the Creole or French. Real estate will not now command any thing like the prices paid for it eighteen months or two years ago, but holders generally are sanguine of an advance next year. There has been about the usual business done in most articles of produce, but by smaller capitalists, and, in some cases, new hands. The trade from New Orleans to Mexico has fallen off since Spain acknowledged the independence of Mexico, and vessels from Havana are allowed to enter Mexican ports. The growing commerce with

Texas, if it does not introduce as much ballion, promises to be of more importance to New Orleans than the intercourse with Matamoros, Tampico, Vera Cruz, and Campeachy. There is a risk to run, however, that English merchants and ship owners will soon be seen as competitors in the trade of Texas.—*Mobile Chronicle of May 2.*

SALES OF STOCK AT PHILADELPHIA.

July 16.

\$2500 Draft on New York,	100½	100
2 shares Schuylkill Bank,	50½	50
10 " Vicksburg Bank,	80	100
10 " Stonington Railroad,	51½	
20 " "	51½	
2 " Northern Liberties Gas,	6	5
11 " Lehigh Coal,	89½	50
\$4790 Lehigh Sixes, 1845,	99½	100
35 shares Wilmington Railroad,	46½	50
20 " "	46½	
2 " Beaver Meadow Railroad,	50	50

SALES OF STOCK AT NEW YORK.

July 14.

50 shares U. S. Bank,	119½	
1300 " Del. and Hudson Canal,	83	82½
120 " Morris Canal,		67
50 " Kentucky Bank,		89½
46 " Lafayette Bank, Cin.		100
125 " Mohawk Railroad,	71	71½
190 " Patterson Railroad,	62	63
900 " Harlem Railroad,	70½	71½
395 " Stonington Railroad,	51	50

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

July 14.

Bills on London, 60 days sight,	7½ a 8½ p. cent. prem.
" France, "	5 25 a 5 27½ fr. p. doll.
" Holland, "	39½ a 40 cts. p. guild.
" Hamburg, "	35½ a 35½ cts. p. mc. ba.
" Bremen, "	79 a 79½ cts. p. rix doll.
" Boston, "	½ a ½ discount.
" Philadelphia, "	½ a ½ do.
" Baltimore, "	1 a 1½ do.
" Richmond, "	2 a 2½ do.
" N. Carolina, "	5 do.
" Charleston, "	3 a 3½ do.
" Savannah, "	6 a 6½ do.
" Augusta, "	6 a 6½ do.
" Mobile, "	12 a 15 do.
" New Orleans, "	6 a 6½ do.
" Louisville, "	4 a 5 do.
" Natchez, "	20 a 22 do.
" Nashville, "	15 a 20 do.
" Cincinnati, "	4 a 5 do.
" St. Louis, "	8 a 10 do.
" Michigan, "	10 a 12 do.
" Detroit, "	4 a 5 do.
American gold,	7 premium.
do. new coinage,	par a ½ do.
Spanish dollars,	2½ a 3½ do.
Carolus do.	5 a 6 do.
Mexican dollars,	½ a 1 do.
Half dollars,	par
Five-franc pieces,	93 a 94 cents each.
Doubloons,	\$16 30 a \$16 40 do.
do. patriot,	15 60 a 15 70 do.
Sovereigns,	\$4 85 a 4 90 each.

WEDNESDAY, JULY 19, 1838.

QUOTATIONS OF EXCHANGE.—Since the suspension of specie payments, the nominal rate of exchange on Europe has been, at times, high, but that the real rate has deviated very little from the true par, will be seen from the following analysis. In an article at page 80, of Vol. 1, we showed that the par of exchange on foreign countries was as follows, omitting very small fractions.

On London, \$4 87½ for a pound sterling, or sovereign.

On France, 5 francs and 36 centimes, or hundredth parts of a franc, for a dollar.

On Holland, 40 cents for a guilder.

On Hamburg, 35 " " marc banco.

On Bremen, 80 " " for a rix dollar.

On the 2d of September last, the rates as quoted at page 93, Vol. 1 of this Journal, were as high, or nearly as high as they had previously been, and were as follows:

On London, at 60 days sight, 20 to 21 per ct. above par.

On France, at 60 days sight, 4 80 to 4 85 francs per dollar.

On Holland, at 60 days sight, 44 to 45 cents per guilder.

On Hamburg, at 60 days sight, 38½ to 39 cents per marc banco.

On Bremen, at 60 days sight, — to 87 cents per rix dollar.

American gold, new coinage, 9 to 9½ per cent. premium.

Half dollars, new coinage, 9 to 9½ per ct. premium.

Let us now analyse each one separately, taking the highest rate quoted:

London.—If we deduct from the nominal rate of 21 per cent. advance, 9 7-10 per cent. the difference between the nominal and real par, and 9½ per cent. the premium on gold, amounting together to 19 2-10 per cent., we shall have 1 8-10 per cent. advance, as the real rate of exchange.

France.—The quoted rate of 4 85 is about 10 6-10 per cent. premium. If we deduct from this 9½ per cent. the premium on silver, we shall have 1 1-10 per cent. advance as the real rate of exchange.

Holland.—The rate quoted of 45 cents is 12½ per cent. advance. Deduct from this 9½ per cent. the premium on silver, and we have 3 per cent. advance as the real rate of exchange. If the lowest quotation were taken, it would be 10 per cent. advance, or ½ per cent. above real par.

Hamburg.—The rate quoted of 39, is about 11 4-10 per cent. advance. From this deduct 9½ per cent. the premium on silver, and we have 1 9-10 per cent. advance as the real rate of exchange.

Bremen.—The rate quoted of 87, is 8½ per cent. advance, which, being ½ per cent. less than the premium on silver, it follows that exchange on Bremen was ½ per cent. below the real par.

RESUMPTION OF SPECIE PAYMENTS.—We stated in our last that at a meeting of the general committee of the Philadelphia banks, held on 5th inst., a resolution was

adopted, by a vote of ten to four, recommending the banks to resume specie payments on the 1st of August. Since that date another meeting has been held, at which the following proceedings took place:—

Meeting of the Banks.—At a meeting of the associated banks of the city and county of Philadelphia, held on Wednesday evening, 11th inst., Mr. Dunlap, from the committee appointed to recommend proper measures for the early and general resumption of specie payments, presented a report, which, with the following resolutions, was adopted by the board; viz.

Resolved, That the banks of Boston, Providence, Baltimore, and Richmond, and such others as the time admits of, be invited to meet the banks of Philadelphia in convention in this city, on Monday, the 23d inst., to consult upon the measures to be adopted for an early and simultaneous resumption of specie payments.

Resolved, that the committee be instructed to communicate this resolution to the banks in question, and to make the necessary arrangements for the meeting of the convention.

It was also resolved, that it be recommended to the several banks of the city and districts, to appoint one or more delegates to represent them in this convention. The association then adjourned sine die.

At this same meeting we learn that the banks agreed to settle all balances between one another on the 1st of August, and after that day to pay no interest on the same; in other words, to resume specie payments as regards one another. The interest hitherto paid has been four per cent.

This project of a convention, when first announced by common rumour, which was soon after the meeting of the 5th, seemed to throw some doubts over the public mind as to a very early resumption; but whatever doubts existed on the subject were removed on the morning of the 13th by the appearance of a proclamation from Governor Ritner, requiring the banks of Pennsylvania to resume on or before the 13th of August. This document, dated on the 10th, and the existence of which was rumoured in this city on the 11th, will be found in another part of this day's Register.

We publish this day a short pamphlet, recently published by Professor Hare, on the subject of the emergency, being the second which has proceeded from his pen. As we differ from the professor in his views on this subject, we do not of course endorse his sentiments, but the reader, by perusing the essay, will have an opportunity of seeing that the theory, sustained by a triumphant majority in the house of commons in the year 1811, that the non-payment of specie by the bank of England was not owing to the depreciation of bank notes, but to an augmentation of the price of specie, is not yet entirely abandoned on this side of the water.

TERMS.

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THE FINANCIAL REGISTER

OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it.
"Men in their bargain contract, not for denominations or sounds, but for the intrinsic value"—*Locks on Money.*

Vol. II.

WEDNESDAY, JULY 28, 1838.

No. 4.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 39.)

CHAPTER VI.

Nature and amount of English currency—Its advantages—Fluctuations to which every species of currency is liable—Effect upon it of foreign exchanges—Peculiar fluctuation to which the currency of England is exposed.

I. NATURE AND AMOUNT OF ENGLISH CURRENCY.

The gross income arising out of the general industry of this country is estimated by Mr. Mundell* at about six hundred millions per annum. The countless transactions between man and man, by which this immense revenue is created, are carried on through the medium of a mixed currency, which consists of metallic coin, commercial bills of exchange, the notes of private and joint-stock bankers in the country, and of the paper of the Bank of England. Mr. Mundell, without giving any reasons for his supposition, assumes the total amount of the currency in active circulation to be upon the average about sixty millions.† The operations of trade are, however, conducted with so much rapidity, and diverge in their progress into so many divisions and subdivisions, that no elements can probably be collected, from which the actual amount of the currency, at any given period, could be estimated with even an approximation to accuracy.

The ordinary circulation of the Bank of England might indeed be safely taken at about twenty millions. The circulation of the country banks, which, since the suppression of the small notes, [Gurney, 3,231] and the establishment of the branch banks, has been very

[Palmer, 489] materially reduced, might also, perhaps, be reasonably estimated at about four millions. But [Gurney, 3,269] whether the amount of sovereigns [3,802] actually engaged in the currency be five, or ten, or fifteen millions, is a question which must be left to mere conjecture. Equally vague must all speculation be with reference to the amount of commercial bills afloat in the currency, either circulating as money, or as already discounted, and therefore represented by bank paper or coin.

It seems pretty well ascertained, that, as compared with former periods, very little circulating medium [Stuckey, 978] is now required for the transaction of every kind of business. A great landowner, for instance, appoints a steward to collect his rents. The steward, some years ago, would have received the whole of the rents in various country bank notes, which he would have had exchanged, either at the establishments by which they were issued, or at the houses of their correspondent in London, for Bank of England paper, and that paper he would then have deposited with his principal's banker. But now the tenants have, very probably, an account with a country bank, upon which they give the steward checks, and upon the presentation of these checks, the money is at once directed to be paid over through the London correspondent to the principal's banker in town. The only circulating medium required by this proceeding consists of Bank of England notes; and the use of country paper is altogether dispensed with. This system of expedition, which applies also to the collection of taxes, prevails to a very great extent: it has been introduced gradually, and in consequence [980] of the improved method of transacting business.

II. ADVANTAGES OF ENGLISH CURRENCY.

This mixed currency which we possess, and which, though partially existing in the United States, is scarcely to be found in any other country, appears to be decidedly the best that could have [Gurney, 3,595] been devised for a commercial people. [Ward, 1,979] It would be quite impossible to conduct the

* "The Industrial Situation of Great Britain," p. 137.

† B. p. 29. Mr. Burgess (5,351) estimates the metallic currency of the country at 30,000,000*l.*, and the paper circulation (comprising all sorts of paper) at 200,000,000*l.*; so discrepant are even conjectures upon this subject.

business of this country through the medium of gold alone, by reason of the magnitude of its transactions. The revenue, for instance, amounts to about fifty millions a year. Supposing the possibility of collecting it in coin, how could it be remitted to the Exchequer from different parts of the country, and thence distributed again in the shape of dividends and salaries for public services, with any practical convenience? The daily amount of the transactions at the clearing house are supposed to range [Q. 3,624] between two and fifteen millions. If there were no notes, Lombard street must be constantly crowded with [Ward, 2,139] trucks filled with bags of gold, in order to enable the agents to adjust the account; whereas, under the bank-note system, a small pocket-book, well filled, answers every purpose.

III. FLUCTUATIONS TO WHICH EVERY SPECIES OF CURRENCY IS LIABLE.

As long, generally speaking, as the trade of any country is liable to fluctuations—and fluctuations must take place whenever demand is not [Palmer, 378] equal to supply, or supply to demand—so long will the effect of those vicissitudes be indicated by high or low prices. As those prices are paid in currency, we are too apt to imagine, that, when fluctuations occur, it is in the currency chiefly that they take place; whereas, correctly speaking, currency is but the symbol of trade, the mere register by which the ebbing or flowing of the tide is recorded. [Gurney, 3,595.] It is obvious, therefore, from the very nature of things, that, taken in that sense, the currency of a great commercial nation, whether it be exclusively paper, metallic, or mixed, must be liable to changes. When demand falls short of supply, prices become low, money is difficult to be obtained, and of course its value rises. On the contrary, when supply falls short of demand, prices rise, money is more easily acquired, and in proportion to that facility, its value descends in the scale.

IV. EFFECT UPON CURRENCY OF FOREIGN EXCHANGES.

Further, if a country have many important transactions with other communities in different parts of the world, it is equally obvious that, as those transactions will materially influence its trade, they will also inevitably affect its currency. For instance, if we suppose that a number of merchants in England and Holland carry on business with each other for a certain period, and that, on adjusting the

account, the English merchants are found to owe a large balance to the Dutch, and pay it in gold, the ordinary amount of our currency will be, *pro tanto*, diminished. If the balance be on the other side of the account, our currency will be increased in proportion. These cash payments, growing out of the balance of trade between nations, constitute, as we have already seen, the exchanges with reference to the countries so engaged in mutual commercial intercourse. Thus, then, the rate of the exchanges may be generally looked upon as the registers of the actual state of trade between those countries, and consequently of the ebb or flow, so far as they are respectively concerned, of the precious metals, by which the transactions of nations are necessarily adjusted. Generally speaking, therefore, the state of foreign trade regulates the foreign exchanges; these show the countries to which that state is advantageous or otherwise, and afford, at the same time, the best indices to the local prices of commodities, and consequently to the condition of local currencies.

V. PECULIAR FLUCTUATIONS TO WHICH THE CURRENCY OF ENGLAND IS EXPOSED.

But these general observations are subject to some important exceptions. We have already seen* that the foreign exchanges may be occasionally influenced to some extent by the secret operations of the Bank of England—operations altogether unconnected with the general trade of the world. Considering, also, the very large proportion of the currency of this country, which consists of the paper of that establishment, and observing the power which it possesses of increasing or contracting at pleasure the issue of its notes, and consequently of counteracting the natural tendency of trade in depressing or raising the prices of all commodities, it must be admitted that the currency of England is so far peculiarly circumstanced and exposed to greater fluctuations than that of any other nation.

It becomes, therefore, a matter of great importance to enquire to what extent, consistent with its own safety, a power of issuing notes resides in the bank—to what extent it has been actually exercised—what have been the consequences—and whether any check exists, or can be devised, by which that power might be placed under due control.

* Ante, p. 19.

CHAPTER VII.

Issues of the bank during the restriction of cash payments—Consequences of those issues—Interference of the bank with the currency previously to the restriction—Influence of enlarged and contracted circulation of bank paper upon the general interests of the country.

I. ISSUES OF THE BANK DURING THE RESTRICTION.

The table* which exhibits the annual circulation of the Bank of England, together with the amount of securities and bullion which they have held since the year 1778, shows that, during the period of the restriction act being in force, the power of the bank to issue notes, which was then unlimited, was exercised to an enormous extent. That act was founded upon the extreme difficulty which existed in 1797 of obtaining gold from abroad—a difficulty which, before it was got over by the order in council, [Q. 4,023,] and the statute, had compelled, as it is now understood, the country bankers in some parts of England to come to almost a general determination to suspend their payments, [4,024,] from the consideration, that there was little prospect of their continuing solvent, subject to payment in gold. It has been thought that during the [Tooke, 4,025, 4,026] greater part of the ten or eleven years which followed that enactment, the restriction might have been removed without any sensible injury to the money circulation [4,027] or prices of the kingdom. It might have required an effort; but that [4,028] effort would probably have met with no insurmountable obstacle.† However this may have been, it appears from the table already referred to, that, after the passing of the act, the circulation of the notes of the bank rose, by marked stages, from about nine millions, to eleven, thirteen, sixteen, seventeen, twenty-one, twenty-four, twenty-five, twenty-seven, and eventually to nearly thirty millions.

It should at the same time be observed, that, with that increased issue, prices and transactions of all kinds requiring additional currency had greatly extended, without any material effect of depreciation being exhibited in the foreign exchanges.

II. CONSEQUENCES OF THOSE ISSUES.

If we look at the profits realised by the bank during the period of the restriction, we shall find that they were very large indeed. Within the first seven years, the proprietors received, in the shape of bonuses, upwards of two millions and a half. Their dividends

were then raised from seven to twelve per cent., at which rate they continued for two years. They were then reduced to ten per cent.; but this reduction was afterwards more than compensated by another bonus of nearly three millions. If the restriction act, therefore, gave the bank unlimited power of issuing notes, it is manifest that that power was exercised to the very great profit of the proprietors.

So long as the banks were not liable to be called upon to pay in gold, it mattered, of course, very little what proportion of bullion they retained in their vaults. It is confessed, [Harman, 2,152,] that during that period they never drew any line by which they should be actuated in that respect, conceiving that the attempt to do so would be useless, [2,153,] in consequence of the constantly unfavourable state of the exchanges. For the same reason, although it is asserted [2,155] that they always adverted to the state of the exchanges, it is honestly conceded that they did not then always act upon them with reference to their issues. It is admitted, moreover, that, we may say, during the whole period of restriction, their issues upon discounts were excessive. [Palmer, 194.] From 1803 down to 1816, the quarterly average amount of bills and notes under discount seldom fluctuated below ten millions: they generally were as high as thirteen, and in 1810 exceeded twenty millions. No principle of moderation appears to have been thought of by the directors, with reference to discounts, until the repeal of the restriction was proposed. [Harman, 2,369.] There is no doubt that one main principle looked to during the restriction, was the interest of the proprietors; although that interest may not have been (and I believe was not) the cause of the increased issues. If the attention of the directors has been recently more alive to the general service of the public, it would seem [2,370] in some measure to have been the result of the parliamentary enquiries which have since taken place.

III. INTERFERENCE OF THE BANK WITH THE CURRENCY PREVIOUSLY TO THE RESTRICTION.

The interference of the bank with the currency of the country, previously to the epoch of the restriction, appears also to have been extremely prejudicial to the public interests on several occasions. The years 1783 and 1784, were signalised [Tooke, 3,811] by great commercial distress, which, [3,813,] if not produced, was much aggravated by an enlarged issue of bank-notes in March 1782, and a sudden contraction of them in the December

* See Appendix to this volume, G.

† Mr. Tooke very strongly expresses this opinion. See his evidence from 4,025 to 4,038.

of the same year, [Q. 3,814,] the reduction having been from 9,600,000*l.*, to 5,994,000*l.* The enlarged issue happening to be coincident with other circumstances which favoured speculation and general over-trading, increased that tendency; [Tooke, 3,818;] and the sudden contraction necessarily added to the distress which is usually consequent upon excessive speculation. The diminution of bank-notes has a tendency to make money scarce in the London market, [Harman, 2,178, 2,179, 2,180,] to raise the rate of discounts, to cause sales of stock and Exchequer bills, and consequently to reduce the prices of all commodities. On the other hand, an enlarged issue of notes is calculated to advance prices; [Q. 2,532,] and although there are no elements for exact calculation upon the subject, it would seem that an increase of one million upon a previous circulation of fifteen or twenty, might tend to raise prices as much as five per cent., [Norman, 2,534,] and that an increase of three millions would be equal to an advance in prices of fifteen per cent., all [2,537] other things being equal; that is to say, provided that every other species of circulation were augmented in an equal proportion, which never is the case.

Again, in 1791, there was another enlarged issue by the bank, which was also coincident with a tendency arising [Tooke, 3,820] from other circumstances, to a considerable reduction in the rate of interest, and to speculations of various kinds. About that period, moreover, there was a great extension of country banks, a general increase of transactions upon credit, and an immense circulation of paper carried on with the continent. But at the close of 1792, the speculations then in progress encountered some considerable checks, and a very great revulsion took place, the most momentous which, prior to that time, had occurred in our commercial history. It is not contended that the enlarged issue of the bank in 1791 was the sole cause of these unfortunate events; but it cannot [3,821] be doubted, that, coinciding as it did with other circumstances which favoured over-trading, it contributed to strengthen their natural tendency, and to aggravate very materially the consequences by which they were followed.*

It is true, [3,823,] that if the circulation of the country had then consisted exclusively of coin, a similar expansion of the currency must necessarily have occurred on account of the influx of gold. The bank might therefore be justified in having enlarged its issue, in as

far as the increase was merely in payment for gold brought in. Yet, taking place at the time it did, the consequences were not the less injurious to the country in fostering extended speculations [3,825]. It is difficult to say what other conduct the bank could have pursued under such circumstances; but so far as the enlarged issue was made upon the plea of affording assistance to government, or accommodation to trade, it was not justifiable. It is the business [3,830] of a bank that administers a paper currency in exchange for gold, or in lieu of gold, to have no other end in view than that of preserving its paper strictly, correctly, and invariably upon a level with the value of gold; and any succour given to government or trade, involving an increased issue, not called for by the wants of the circulation, is a departure from the legitimate objects of the institution.

IV. INFLUENCE OF ENLARGED AND CONTRACTED CIRCULATION OF BANK PAPER UPON THE GENERAL INTERESTS OF THE COUNTRY.

Without adverting to the enlarged issues upon gold,* which the bank cannot perhaps at any season very well avoid; it should, however, be remarked, that the increase of bank-notes, when that increase does not happen to coincide with the prevailing spirit of speculation, has sometimes taken place without any detriment to the general interests of the country. During the most active period of the war, 1812 and the early part of 1813, agricultural produce [3,836] attained to very high prices. About the same period, and down to 1814, the prices of almost all exportable commodities, but of colonial produce particularly, rose above one hundred per cent. Upon the conclusion of the peace, in 1814, speculative exports took place to an enormous extent. The effect of this over-trading, and of the extravagant prices paid for the commodities so exported, was not fully felt till 1815, and part of 1816, when the returns were coming forward; and it appeared that the exports of 1814 left a loss, upon the average, probably, of at least fifty per cent. to the shippers. These untoward results coincided with a very great fall in the prices of agricultural produce, and the consequence was severe general distress among the agri-

* As, for instance, those of 1816 and 1817. In his evidence given before the bullion committee of 1819, Mr. Tooke expressed an opinion that those issues were highly injudicious. But he has since retracted that opinion, as he states, 3,832, that he was not then aware that "the whole of the increased issues of 1816 and 1817 were simply in payment of gold." So far as the bank was concerned, he, therefore, thinks them perfectly justifiable.

* Compare with this statement the fluctuations in bullion in 1782-4 and 1791-3, App. H.

cultural, commercial, and manufacturing classes, attended and followed by extensive failures among the country bankers. In the latter part of the year 1814, [3,837,] the Bank of England enlarged its issues to the amount of three millions; but the circulation of that increase being coincident throughout the country with a very great fall of prices, not only of exportable commodities, but of agricultural produce, it was consistent with a very rapid advance of the exchanges, and a fall in the price of gold. Far from augmenting the then prevailing distress, it operated rather the other way; for it contributed, though not sufficiently, to fill up the chasm in the currency which was produced by the failure of several country banks.*

Further, it should be observed, that, according to the evidence of Mr. Tooke, who appears to have given the subject the most profound and impartial consideration, instances have occurred [3,342] of extraordinary speculations taking place in very extensive classes of commodities, without any increase whatever in the circulation of the Bank of England, and when, from all the received tests, that circulation might even have been considered to be in an extremely contracted state. Thus, in 1798, the circulation was less than it had been, upon the average, for four or five years before the restriction; and in 1799 it was still lower, as compared with [3,991] the great increase of transactions connected with the war. Nevertheless, within that interval of contracted circulation, there was a very large class of commodities† which advanced considerably above one hundred per cent., in consequence of speculations partly originating in this country, and partly arising from abroad. A fall of prices subsequently occurred, causing, of course, great distress; but that fall, and its consequent evils, were actually coincident with an increase of bank issues. Again, [3,845,] it

appears that a similar rise of one hundred per cent. took place on our own agricultural, and almost all articles of European raw produce,* about the close of the year 1807, which rise was completed by the spring of 1809, when a rapid fall commenced, [3,848,] and went on until August 1810. Now, the bank circulation, which had been about seventeen millions for five years preceding, was, in February 1808, [3,845,] only 16,843,000*l.*; and so it remained [3,848] till the very end of that year. Between the spring of 1809, and the month of August 1810, the circulation gradually increased to twenty-four millions.† Hence it appears that important speculations may take place, not only without any enlargement of the circulation of the Bank of England, but in a remarkably contracted state of it; and that a fall of prices, with its consequent distress, may be coincident with an augmentation of bank paper. In fact, it is Mr. Tooke's firm belief, [3,845,] that there is hardly a single instance in which the bank issues can be adduced as the *origin* of a rise in prices. After a rigorous examination of the subject, he states, that he has not noticed in any important case, [3,977,] that the rise of prices, or the fall of prices, has been an immediate sequence of an increase or diminution of the bank circulation. He admits, however, as he has, indeed, in his recent evidence, uniformly stated, [4,090,] that "the [mercantile] causes for a rise of prices existing, an enlargement of the circulation of the bank is calculated to contribute to a greater rise, and one of longer duration, than would otherwise have existed." On the other hand, he also admits, [4,019,] as a general proposition, capable, however, of being compensated by circumstances, that other causes existing for a fall of prices, a material decrease of the circulating medium would have a tendency to depress them still lower.

We may perhaps infer, from what has been stated, that whenever the bank enlarge their issues upon gold, they are perfectly justifiable, even if those issues be detrimental to the public interests, because that detriment would have been effected by the influx of the

* Mr. Thornton, in his evidence in 1819, stated, that "in the latter part of the year 1814, demands were made upon the bank to supply the deficiency in the country, particularly Northumberland and Durham."—*Lords' First Report*, p. 77.

† See 3,991 to 4,021, where this evidence is more fully explained. In point of amount, the circulation does not appear to have been literally contracted at the period in question; but Mr. Tooke expresses it as his opinion, that, deducting the issues made in gold and silver, and considering the increase of population and commerce, there was no artificial increase of circulation within that interval.

‡ Fine Jamaica coffee rose within that period from 7*os.* to 19*6s.*; West India and American cotton from 1*s.* to 5*s.*; cochineal, from 12*s.* to 54*s.*; Carolina rice, from 14*s.* to 40*s.*; and Jamaica sugar, from 38*s.* to 87*s.*—*Tooke*, 3,845.

* Spanish wool, flax, hemp, tallow, linseed, silks, and cotton wool, particularly.—*Tooke*, 3,845.

† Upon this point, also, Mr. Tooke found it necessary (3,845) to rectify an opinion which he had expressed before the committee of 1819. Having then misapprehended the precise date and progress of the enlarged issue, he attributed the high price of 1808–9 to the seven millions added between the spring of 1809 and the month of August 1810—a mistake which shows how essential it is in all discussions upon such subjects to be strictly accurate, not only as to *sums*, but as to *dates*.

metal itself, if there had been no bank in existence. Again, assuming the bank to enlarge their issues upon discounts, it might happen that those issues would be injudicious, so far as the bank are concerned, and yet would do no injury to the public. If other causes for a rise of prices did not exist, though, generally speaking, an enlarged issue has a tendency to raise prices, nevertheless, it might not operate in that way. Further, it might even happen to fill up a vacuum otherwise created in the currency. On the other hand, a contracted state of the bank circulation is consistent with rising prices, though a sudden contraction of that circulation, contemporaneously with falling prices, without producing, may aggravate the mischief.

[Ward, 1,992] Thus, as Mr. Ward puts it, an increase of bank-notes affords facilities to speculation, but would not produce it invariably: sometimes the increase is drawn forth by speculation previously in the excess—it is sometimes the cause, sometimes the effect. An enlarged issue is at all times conducive in its tendency [2,033] to high prices for a moment; a reduction of notes has, on the contrary, a tendency to depress them, so far as the conduct of the bank is concerned; the only question is, whether the increase or decrease that is made is in character with the sound principle of currency, and whether the degree and mode of administration are suited to the circumstances to which they are applied.

Some of the witnesses examined before the committee put the issues of the bank; however, in a very different point of view, representing them as the immediate cause, not only of the great panics which have occasionally occurred, but also of "a constant succession of little panics,"* [Dyer, 4,293,] which continually annoy the commerce of the country by monthly and weekly fluctuations, by putting out paper which is necessarily put out as a dividend upon the public debts, and then by drawing it in, not in the regular and rational way in which it ought to be drawn in—namely, by paying bills discounted; but by drawing out in a forced manner, and selling securities at an under rate" [4,294]. "These fluctuations," Mr. Dyer continues, "affect our prices, and our daily transactions as merchants and manufacturers; they have occasioned great changes in the prosperity of trade, which were in nowise connected with the real circumstances that ought to produce either briskness or dulness—namely, an increased or diminished amount of demand. I

* Mr. Dyer, one of the directors of the joint-stock bank at Manchester.

endeavoured to obtain some light upon this subject, which we all of us feel more than we know the reason of: in getting some returns, however, which relate to the weekly issues of the Bank of England, I find that my theory is no longer a theory; but it is a lamentable fact, that those issues, sometimes in a single week, vary three or four millions." The witness stated, that he grounded his opinion on the returns [4,295] of the weekly issue from December 1819 to February 1826; but upon being asked, whether the quarterly collection of the revenue and payment of dividends would not, of necessity, produce fluctuations in the amount of the notes issued, even if no such body as the bank existed, he admitted that such fluctuations must inevitably occur, and that "they would certainly be likely, in some respects, to affect the aggregate amount at different [4,296] periods of credit in circulation." He could very well understand, therefore, why there should be quarterly fluctuations independent of the bank; but he could not see "why there should be fluctuations weekly [4,297] to the amount he had observed, unless it were upon some principle that was altogether incomprehensible; or else it was merely to get profit."

The weight of Mr. Dyer's evidence upon this point may be judged of from his answers to the subsequent questions.

[4,298] "Are you aware that it is a principle of the Bank of England, when bullion is carried to it for sale, invariably to make a purchase of it; and may not this account for the sudden fluctuations of issues?"—"I should think that any one of the directors of the Bank of England, personally conversant with their affairs, might give accurate information upon that subject; but I do not know how they can manage their business."

[4,299] "Supposing this to be the principle upon which the bank regulates its issues for bullion, in what respect does this fluctuation, from the issue of notes in the purchase of bullion, differ from the fluctuation that would take place in the currency, supposing the mint had bullion to the same amount taken to it, in order to be coined—would not that taking the bullion to be coined occasion similar fluctuations in the amount, even of a metallic currency?"—"If there are any specific instances in which the issue of two millions more in one week than were issued in the preceding week, were to be accounted for by its being shown that the bank had, upon that particular occasion, two millions more of gold, I should think that was fairly accounted for, and that that gold might be assumed to be a part of the circulation as soon as it was coined."

[4,600] "Would not a like fluctuation in the amount of currency take place, even although it were a metallic currency, and there were no body like the Bank of England to issue their notes in exchange for the gold taken to it?"—"If there was nothing but a metallic currency, then the total amount that was from time to time brought into the country, and sent to the mint to be coined, would add so much to the sum total, and so far depreciate the value of the individual parts of it, and *vice versa* as to the exportation; and this importation and exportation would effect the same thing, whether it went through the hands of a hundred importers or one."

[4,801] "Therefore, even if it were a purely metallic currency, would you not expect the same kind of fluctuation which you now experience in a scarcity of money, and a rise or fall of discounts, which now takes place under the present system?"—"Certainly not; because, if we imported two millions of gold, and had them coined this week, I should think it very odd if they were exported the next week; and that must be the supposition, because I have referred to fluctuations both up and down."

[Smith, 4,332] Mr. Smith, another of the directors of the joint-stock bank at Manchester, complains strongly of "the powers possessed by the bank to expand and contract their circulation at will, and thus to give our currency a fluctuating, instead of a steady character; their operations being not only uncontrolled, but conducted with a secrecy which even the bank proprietors themselves are not allowed to penetrate. Their influence over the private banks has necessarily been irresistible, and these have in fact (perhaps unconsciously) been rendered the mere agents or satellites of the Bank of England. Hence, though the Bank of England has not been the only bank in the country, the real controlling power over our currency has been solely vested in the directors of the bank—a power over the property of the kingdom far exceeding the power vested in any government." Mr. Smith, however, enters into no particulars with reference to this part of the subject.

A third director of the bank at Manchester, Mr. Burt, who professes to be fully acquainted with the state of the banking trade in England, after expressing himself to nearly the same effect, complains that "the conduct of the Bank of England [Burt, 4,452] is so uncertain, that it is impossible for any merchant to come to a reasonable conclusion as to what will be the effect two or three months hence, and that thus it renders all his speculations and his best plans quite unavailing."

Having been pressed to refer to any circumstances within the last five years which might, in his opinion, prove the impolicy of the conduct of the bank in this respect, Mr. Burt said, that he was not prepared to mention any particular circumstances of the kind; "but," he added, "there are [4,467] so many books upon the subject, by Mr. Tooke, Mr. McCulloch, Sir Henry Parnell, and other gentlemen, that that information can be easily obtained."

"Then," pursued the scrutinising examiner, "you found your conclusions upon the books you have read?"—"I found [4,468] my conclusions upon my practical experience of the fluctuations that I have observed as a merchant; and I look to books to enable me to ascertain what the cause has been, wishing to understand, as far as I can, how this fluctuating, varying, distressing system has originated."

[4,470] "Have you any reason, from your experience as a merchant, to think that the bank have misconducted their business since the period of the panic?"—"I cannot pretend to say how the bank has conducted its business, because I do not know the grounds upon which they act."

[4,471] "From your experience of the effect of the conduct of the bank upon your affairs as a merchant, have you reason to think that they have misconducted their business since that period?"—"I think the bank has been certainly very variable in its conduct. A period has been alluded to when the bank at Manchester applied for a discount of 20,000*l.* and it could not be got. It consists with my knowledge, that other people that did business with the branch Bank of England at that period had a difficulty in getting discounts—that they were arbitrarily limited—that is to say, they did not know any reason for it. At one period there was abundance of money, caused by the Bank of England letting out paper abundantly, and at another time there was a scarcity of it."

[4,472] "Might not the circumstances of the foreign exchanges have justified the bank in refusing the accommodation that you required?"—"I cannot answer that question."

It is obvious that the evidence of these three directors of the joint-stock bank at Manchester, with reference to the influence of the fluctuations in the bank circulation upon the general interests of the country, would have been much more valuable, if it had been based upon particular facts, and if precise sums and dates had formed part of the materials upon which their judgment was founded. It would have been desirable also, perhaps, if there had

been no apparent connection between the tone of their testimony, and the refusal of the accommodation which their establishment had required from the branch Bank of England.

There is one of the ingredients of our currency of a peculiarly sensitive nature, with reference [Burgess, 5,329] to the effect produced upon it by the bank issues. Bills of exchange form at present the great currency of Lancashire; and they constituted it almost exclusively, with the exception of the small notes paid for wages, till within these last seven years. Nine parts out of ten of the business of the [5,331] West Riding of Yorkshire, Warwickshire, [5,332] and Staffordshire, and in general of the manufacturing districts, [5,333] are represented by those bills. At one period, the amount of this paper paid into a private bank in Lancashire, as compared with all other kinds of currency, was as fifty to one [5,334]. Experience clearly shows that these bills, which are chiefly discounted with Bank of England notes, are affected by the extension or contraction of its issues to a very great degree—indeed, to a degree that [5,335] cannot be satisfactorily ascertained. The necessary consequence of a great and sudden diminution of the amount of those bills is an immediate depression of prices, followed by distress; and thus the contraction of the bank circulation produces results, [5,336] that cannot be measured by the mere amount of the issues which that operation subtracts from the currency. It would be very difficult, [5,337] therefore, if not impossible, for the directors, when for their own protection they decide upon a reduction of the circulating medium, to foresee the extent to which that measure would affect the general commercial interests of the country. But the question resolves itself eventually into this, [5,338] whether, so long as notes are convertible on demand, or bills of exchange are payable in any standard of value at all, there must not be those expansions and contractions in order to keep the currency at par with that standard, whatever it may be? It is suggested by Mr. Burgess, that no such fluctuations need take place, if the country were in possession of a paper currency well regulated, [5,339] by which he means paper issued by the government, and not convertible into cash. But when it is recollected that exchequer bills, which have the advantage of being receivable by the government in payment of revenue, and also carry interest, have not only [5,342] been occasionally at a discount, [Easthope, 5,824.] but even at one period actually inconvertible into money, such a remedy as this would, perhaps, but aggravate

the evil it was proposed to cure [Burgess, 5,366]. It would, in point of principle, differ in no way whatever from a temporary suspension of cash payments.

(Continued at page 65.)

REPORT

From the Secretary of the Treasury, in compliance with a resolution of the Senate of the 2d of May, transmitting a statement of the condition of the State Banks.

TREASURY DEPARTMENT, May 7, 1838.

SIR,—I have the honour to transmit the accompanying table, in compliance with the resolution of the 2d inst., directing me "to communicate to the senate a condensed statement of the condition of the state banks, according to the latest returns received at the treasury."

A comparison of this table with the table FF, is the report made to the house of representatives, on the 8th of January last, gives the following general result:—

	1837.	1838.	Increase or decrease.
Number of banks.....	634	863	229 inc.
Number of branches.....	154	166	12 inc.
Whole number of b'ks. and branches.....	788	889	101 inc.
Capital paid in.....	\$290,779,091	318,148,643	27,370,552 inc.
Loans and discounts.....	525,115,702	490,110,528	35,005,174 dec.
Stocks.....	13,407,119	33,761,745	20,354,626 inc.
Real estate.....	18,004,451	19,057,517	1,053,066 inc.
Other investments.....	10,423,630	24,827,074	14,403,444 inc.
Total of investments supposed to yield income.....	567,010,895	548,022,860	18,988,035 dec.
Specie.....	37,915,740	33,000,031	4,915,709 dec.
Specie funds.....	3,706,500	71,057,373	67,350,873 inc.
Notes of other banks.....	30,573,527	25,010,306	5,563,221 dec.
Due from other banks.....	3,683,910	38,406,184	34,722,274 inc.
Total of the immediate means.....	139,479,287	119,341,617	20,137,670 dec.
Circulation.....	140,183,800	119,316,653	20,867,147 dec.
Deposits.....	187,307,185	85,300,340	102,006,845 dec.
Due to other banks.....	62,421,118	61,491,038	930,080 dec.
Total of immediate liabilities.....	389,084,193	266,154,070	122,930,123 dec.
Other liabilities.....	36,500,280	60,194,244	23,693,964 dec.
Total liabilities.....	425,584,473	326,348,314	99,236,159 dec.
Net circulation.....	112,652,363	93,906,474	18,745,889 dec.
Excess of investments supposed to yield income above capital paid in.....	276,938,804	247,874,233	29,064,571 dec.

The returns on which this condensed statement is founded, and which are called for by the second part of the resolution, will be sent to the senate as soon as they can be suitably arranged.

I am very respectfully, your obedient servant,
LEVI WOODBURY,
Secretary of the Treasury.

Hon. R. M. JOHNSON,
Vice President of the United States;
and President of the Senate.

Note by the Journal of Commerce.

The returns for Connecticut embodied in these results, bear date March 25th, 1837. The returns for March 31st, 1838, are since received, showing a diminution of \$3,477,658 in the amount of loans, and \$2,077,773 (more than half) in the amount of circulation. Also an increase of \$120,052 in the amount of specie on hand. This will make so much variation in the footings of the secretary's statement.

Condensed Statement of the condition of the State Banks, according to returns dated nearest January 1, 1838; and, also, of so many as have made returns, dated near April 1, 1838.

State or Territory.	Date.	No. of banks.	No. of branches.	Capital.	Loans and discounts.	Stocks.	Real estate.	Other investments.	Due by banks.
Maine, . . .	1837, Dec. 30,	55		\$5,458,750	\$7,552,938		\$136,260		\$640,696
New Hampshire, . . .	1838, Feb. 1,	27		2,839,500	4,200,245		82,250		531,638
Vermont, . . .	1837, Aug.	19		1,274,970	2,405,249	\$10,000	33,728	\$70,682	431,693
Massachusetts, . . .	1838, Feb. 10,	124		37,080,000	56,398,121		1,117,883		5,662,780
Rhode Island, . . .	Jan. 5,	62		9,849,853	13,250,296	74,860	301,945		537,350
New York, . . .	Jan. 1,	95	2	36,611,460	60,999,770	2,795,207	2,356,249	38,256	18,297,899
Pennsylvania, . . .	1837, Nov. 1,	49		24,944,435	38,237,566	1,407,803	1,833,326	3,658,404	9,254,641
New Jersey, . . .	Dec.	28		4,997,012	8,029,700	2,438,001	307,738	380,117	645,909
Delaware, . . .	1838, Jan. 1,	4	4	990,658	1,550,221	187,990	88,131		310,677
Maryland, . . .	Jan. 1,	22	2	11,971,876	15,813,006	1,505,641	541,677	91,946	3,076,511
Dist. of Columbia, . . .	Jan. 1,	2		2,175,970	3,109,814	272,752	311,636	169,793	342,560
Virginia, . . .	Jan. 1,	5	18	7,005,356	15,900,987	439,781	636,404	123,305	1,477,542
North Carolina, . . .	Feb.	3	7	2,980,640	4,571,328		127,424	34,495	678,908
South Carolina, . . .	1837, Nov.	10	2	7,947,419	16,657,217	1,162,630	211,750	98,325	923,161
Georgia, . . .	Oct.	20	16	11,790,573	15,937,526	1,215,501	1,830,430	324,715	1,057,866
Florida, . . .	1838, Jan.	6	2	2,387,585	3,270,015	5,000	466,134	105,540	316,527
Alabama, . . .	1837, Nov.	3	4	10,150,538	26,087,750	600,000	158,499	213,380	1,081,412
Louisiana, . . .	Dec. 23,	16	31	39,943,832	55,593,371	995,075	4,235,476	1,791,030	1,395,737
Mississippi, . . .	Dec.	11	15	19,231,123	28,999,984	367,633	1,618,676	4,731,925	2,563,783
Arkansas, . . .	1838, Jan. 1,	1	2	413,105	374,791			100,657	3,676
Tennessee, . . .	Jan. 1,	3	8	5,309,454	11,249,170	59,750	84,021	345,792	581,711
Kentucky, . . .	1837, Dec.	4	10	8,499,094	10,346,152	2,256,000	208,562	324,301	1,279,274
Missouri, . . .	Dec. 30,	1	2	607,398	1,034,852		50,101	67,335	45,271
Illinois, . . .	1838, Jan. 8,	2	6	4,673,050	4,416,577	2,690,000	27,533	4,944	234,145
Indiana, . . .	Jan. 6,	1	10	1,900,687	3,556,341		97,301	298,658	281,393
Ohio, . . .	1837, Dec.	33	1	11,331,618	17,212,694		387,427		1,340,338
Michigan, . . .	Dec.	18	2	1,918,365	3,773,370		123,113	253,681	569,011
Wisconsin, . . .	Nov.	2		119,625	152,676		3,179		45,908
Penn. Bk. of U. S.	Dec. 30,	1	19	35,000,000	45,181,854	14,862,108	1,504,772	10,809,774	3,657,251
Total of recent returns, . . .		632	163	309,403,946	475,863,581	33,345,733	18,891,634	24,037,055	57,464,870
Connecticut, . . .	1837, Mar. 25,	31	3	8,744,697	13,246,945	416,016	175,883	56,019	941,314
*Total of returns nearest Jan. 1, 1838.		663	166	318,148,643	489,110,526	33,761,749	19,057,517	24,093,074	58,406,184
*Note.—R. Island, . . .	1838, April 6,	62		9,852,353	12,772,099	108,226	300,201		488,210
N. York, . . .	April 1,	94	2	36,401,460	59,075,768	529,771	2,366,456	3,595,547	14,603,770
Louisiana, . . .	Mar. 21,	16	31	39,523,693	52,058,084		7,837,546	3,216,465	1,355,165

Condensed Statement continued.

State or Territory.	No. of banks.	No. of branches.	Notes of other banks.	Specie funds.	Specie.	Circulation.	Deposites.	Due other banks.	Other liabilities.
Maine, . . .	55		\$163,145		\$246,720	\$1,600,023	\$763,741	\$351,260	\$315,656
New Hampshire, . . .	27		109,308		148,793	1,111,074	466,032		
Vermont, . . .	19		53,793	\$85,029	97,333	1,457,441	282,283	44,112	1,135
Massachusetts, . . .	124		2,954,804		1,474,743	9,964,110	8,231,580	5,498,012	5,318,484
Rhode Island, . . .	62		420,196		399,944	2,164,344	799,306	788,680	764,115
New York, . . .	95	2	3,616,918	618,277	4,131,732	13,432,478	15,895,684	15,221,478	6,142,047
Pennsylvania, . . .	49		3,148,184		3,671,144	11,330,474	10,363,562	8,862,928	2,972,846
New Jersey, . . .	28		394,396		418,992	1,345,241	820,805	495,993	4,140,111
Delaware, . . .	4	4	163,543		126,007	756,148	444,020	49,766	
Maryland, . . .	22	2	1,452,574		1,259,908	3,662,085	3,253,683	3,036,772	1,395,714
Dist. of Columbia, . . .	2		394,925		318,354	764,822	1,222,952	553,511	
Virginia, . . .	5	18	473,895		1,366,582	7,178,776	3,028,954	342,568	1,600,386

Condensed Statement continued.

State or Territory.	No. of banks.	No. of branches.	Notes of other banks.	Specie funds.	Specie.	Circulation.	Deposites.	Due other banks.	Other liabilities.
North Carolina, . .	3	7	\$ 177,763		\$ 705,389	\$2,267,793	\$ 756,591	\$ 187,774	
South Carolina, . .	10	2	622,571		1,436,315	5,011,656	3,383,468	698,675	\$1,610,411
Georgia,	20	18	1,345,808		2,475,788	5,077,273	2,121,617	1,954,361	93,489
Florida,	6	2	107,392	16,872	151,210	621,393	417,191	173,404	637,376
Alabama,	3	4	117,625		796,151	7,535,475	5,220,348	2,395,062	1,293,351
Louisiana,	16	31	4,508,761		2,729,983	7,558,465	7,426,468	9,131,466	3,748,343
Mississippi, . . .	11	15	1,958,274		766,360	7,472,334	4,638,669	3,039,901	3,505,384
Arkansas,	1	2	2,450	40,395	96,455	8,100	87,243		102,095
Tennessee, . . .	3	8	327,817		595,667	2,620,185	1,502,271	660,513	2,370,481
Kentucky,	4	10	673,852		1,716,489	3,600,570	2,159,700	872,112	1,245,005
Missouri,	1	2	223,930		628,167	94,090	748,655	312,760	297,608
Illinois,	2	6	70,718		684,437	1,990,993	789,632	348,995	186,836
Indiana,	1	10	209,185		1,221,181	2,308,130	932,009	136,647	5,720
Ohio,	22	1	864,597		2,674,212	6,221,136	4,071,975	481,344	1,509,459
Michigan,	18	2	283,031		435,073	1,724,409	1,313,286	196,366	113,969
Wisconsin,	2		27,432		82,494	141,363	43,228	163	9,435
Penn. Bk. of U. S.	1	19	866,597		3,770,849	6,768,067	2,617,253	4,957,291	20,524,568
Total of recent returns,	632	162	24,713,484	760,573	34,648,663	114,218,358	83,821,383	60,791,214	59,906,114
Connecticut, . . .	31	3	296,725		415,236	3,992,325	1,484,966	639,824	288,130
*Total of returns nearest Jan. 1, 1838,	663	166	25,010,209	760,573	35,064,051	118,216,683	85,306,349	61,431,038	60,194,244
*Note.—R. Island,	62		415,733		480,999	2,191,609	695,798	640,754	718,791
N. York,	94	2	5,301,579	794,636	5,117,063	11,057,935	16,503,114	9,389,108	6,501,787
Louisiana,	16	31	4,410,333		2,970,723	4,734,739	8,021,137	10,591,600	904,411

GENERAL JACKSON'S OPINIONS

TO THE EDITOR OF THE GLOBE.

(Private.)

Hermitage, July 9, 1837.

Now is the time to separate the government from all banks—receive and disburse the revenue in nothing but gold and silver coin, and the circulation of our coin through all public disbursements will regulate the currency for ever hereafter—keep the government free from all embarrassment, whilst it leaves the commercial community to trade upon its own capital, and the banks to accommodate it with such exchange and credit as best suits their own interests—both being money-making concerns, devoid of patriotism, looking alone to their own interests—regardless of all others. It has been, and ever will be a curse to the government to have any entanglement or interest with either, or more than a general superintending care of all. But the commercial community hitherto has been fostered by the government, to the great injury of the labour of the country, until the mercantile aristocracy, combined with the banks, have assumed the right to control and manage the government, as their particular interest requires, regardless of the rights of the great democracy of numbers, who they believe ought to be, and they are determined they shall be, bidders of wood and drawers of water. I repeat, that I am proud to see the firm and noble stand taken by the executive government on this occasion. The people are with it, and will support it triumphantly.

The history of the world never has recorded such base treachery and perfidy as has been committed by the deposit banks against the government, and purely

with the view of gratifying Biddle and the Barings, and by the suspension of specie payments, degrade, embarrass, and ruin, if they could, their own country, for the selfish views of making large profits by throwing out millions of depreciated paper upon the people—selling their specie at large premiums, and buying up their own paper at discounts of from 25 to 50 per cent., and now looking forward to be indulged in these speculations for years to come, before they resume specie payments.

(Private.)

Hermitage, July 23, 1837.

My Dear Sir,—I have just received the Globe of the 13th, and am pleased to discover from it and other papers that the democracy are uniting upon the plan of separating the government from corporations of all kinds, and to collect the revenue, keep, and disburse it, by their own agents. This alone can secure safety to our revenue, and control over issues of paper by the state banks. The revenue, reduced to the real wants of the government, payable in gold and silver coin, (no credits,) to be disbursed by the government in gold and silver, will give us an undeviating metallic currency, prevent hereafter overtrading, and give prosperity to all branches of business; whilst the banks and the commercial community will be left to manage their exchanges, and all matters between them, in their own way. I hope and trust that the whole democracy of the Union will unite in adopting these measures, and the democracy of numbers will never have another contest with the aristocracy of the few and their paper credit system, upon which they at present rely to rule the country.

I hope no treasury notes will be issued. The treasury drafts upon actual deposits are constitutional, and do not partake of paper credits as treasury notes, which are subject to depreciation by the merchants and banks, and shavers and brokers; and will be, if issued, and the government cannot avoid it. Different must it be with treasury drafts, drawn upon actual deposits; and from the conduct of the banks and the merchants, they deserve no favours from the government, which they have attempted to disgrace, and to destroy its credit both at home and abroad. It is the great working class that deserve protection from the frauds of the banks.

MR. ADAMS'S OPINION.

Quincy, July 1, 1837.

WILLIAM FOSTER, Esq., Boston.

Dear sir,—Your friendly letter of the 21st ult. has perhaps remained already too long unanswered; but when I received it, I had expressed opinions respecting the present condition of our public affairs, in answer to enquiries from some of my constituents of the 12th congressional district, which have since been published, and which I presume are explicit, as you may think they ought to be at this time, and which will pass for what they are worth in the community.

I still believe it the duty of every good citizen to contribute, according to his ability, toward the forming and modifying public opinion, because she is more than ever the queen of the world; but for the regulating of my own conduct, a long and trying experience has taught me two lessons, though not always to square my conduct by them. The first is to distrust the correctness of my own opinions upon every thing prospective and conjectural. The second, never to flatter myself that my opinions will have any influence upon the actions of any other human being.

Thus, in the present condition of our country, I have very decided opinions upon the past; differing, perhaps, considerably from yours; certainly differing from those of a large majority of the people of the United States. And as our views of expedient action for the future might, in a great degree, depend upon the conclusions to which we have come upon the past, it is impossible that the measures which I should deem the only effective remedies for our complaints should be acceptable to the ruling power of the country. I am, and during a great part of my life have been, in a minority. It is the business of the majority to propose and accomplish measures. It is too much the practice of minorities to expend all their energies upon devices to defeat the measures of the majority. The question of right and wrong, so far as my experienced goose, is of use to either party only for the purpose of making professions.

We are now in the midst of a national bankruptcy—occasioned by the insolvency of multitudes of individuals. We are now told that all the banks in the United States have suspended specie payments—and what is the suspension of specie payments but setting the laws of property at defiance? If the president and directors of a bank have issued a million of bills promising to pay five dollars to the holder of each and every one of them, the suspension of specie payments is, by one act, the breach of one million of promises. What is this but fraud upon every-holder of their bills? And what difference between the president and directors of such a bank, and the skilful artist who engraves a bank bill, the fac simile of the bill signed by the president and directors, and saves them the trouble of signing it, by doing it for them? The only difference that I can see in the two operations is, that the artist gives evidence of superior skill and superior modesty. It requires more talent to sign another man's name

than one's own, and the counterfeiter does at least his work in the dark, while the suspenders of specie payments brazen it in the face of day, and laugh at the victims and dupes who have put faith in their promises.

You ask what is to be the remedy for this state of things? There are two remedies, both of which may be practicable. One is, that the congress of the United States should exercise its powers to regulate the currency; but they must do this (which they will not) without consulting banks, their presidents and directors. The legislatures of New York and Virginia have already shown what the presidents and directors of banks will advise. And the proposal of the president of a broken bank in Charleston, South Carolina, to begin with an amendment to the constitution granting powers to congress, which have already been granted to them, and which they have twice exercised to the benefit of the nation, is an insult at once to our understanding and upon our misfortunes.

As little do I relish his other proposal of a general convention of broken bank presidents and directors, to enlighten congress with their advice:—a convention of bankrupts to teach congress reverence for the obligation of contracts, and how to make nothing but gold and silver a tender for the payment of debts—of all the remedies for existing evils, the last I would resort to would be a spurious coin from the mint of nullification.

The other remedy which I believe practicable is that of Solon—a sponge upon the account of debtor and creditor—wipe out all old scores and begin again. This is the hard money system, and so far as I can judge, it is the essential system of the present administration—it is to detach the government from all banking, and deal in nothing but the precious metals. If Mr. Van Buren is made of stuff to go through with this operation, I wish him well out of it; but he still want other co-operators than the legislatures of New York and Virginia; and other advisers than presidents or directors of broken banks, or land-jobbers upon loans from deposit banks.

I think of this as I thought of the dry-dock, gunboat, restrictive, anti-navy system of Mr. Jefferson. It cost the nation a terrible war to be delivered of that, but the nation was effectually cured of its hydrophobia. The war was a drastic purge, but it effectually worked its cure. I fear that our present bankruptcy will need a still more violent course of alternatives, but the cure will come when the people are prepared to receive it. They are certainly not so now—they will most probably not be so during the remnant of my term of life—I hope you will live to witness and enjoy the convalescence.

Forgive the freedom with which I have answered your letter, and believe me to be with great respect,
Your friend and servant,

J. Q. ADAMS.

JUDGE WHITE'S OPINIONS.

Knoxville, July 24, 1837.

Dear sir,—Your favour, dated 18th ult., was received by the mail which arrived here on yesterday, and with pleasure I send you an immediate answer.

Your recollection of the contents of my letter to Mr. Kincannon is correct. I then stated, and yet believe, congress has not the power to charter a bank, conferring upon it the power to do business within the limits of any of the states.

Should a national bank at any time be found indispensably necessary, I have heretofore said, and yet believe, congress has the power to charter one to do business in the District of Columbia, and that they could

authorize such bank to connect itself with one or more banks in each state with the consent of the respective states, and that through such a district bank, thus connected with state banks, every desirable object, toward keeping a sound and uniform currency, and receiving, safely keeping, and conveniently disbursing the public monies, could be as certainly attained as through a national bank of the ordinary description. I am very respectfully, your obedient servant,

HUGH L. WHITE.

D. A. CRESHAW, Esq.

Reported for the Journal of Commerce.

CIRCUIT COURT,

JUDGE EDWARDS, Presiding.

June 1.

John T. Smith vs. Horace James.

This was an action of assumpsit, on two checks drawn by B. Rathbun, of Buffalo, on the Commercial Bank of Buffalo, and endorsed by the defendant. One of the checks was dated the 17th of July, 1836, for \$2000, and the other check was dated the 28th of July, 1836, for \$3000.

From the evidence which was adduced, it appeared that the defendant had been an agent in this city for raising money for Rathbun, who used to send him checks similar to the above mentioned, signed in blank, and which were afterwards filled up by the defendant according as he found a market for them. The defendant sold the plaintiff the two checks in question, through the house of Wood and Bogert, and the plaintiff purchased them at one and a half per cent.

The defence set up was, first, that the checks had not been presented for payment at Buffalo in due course; secondly, that the proof was defective in relation to the notice of protest; and, lastly, that the transaction was usurious.

In relation to the notes not being presented for payment in proper time, it was contended that a check must be presented for payment by the endorser, the day or day after he receives it, if drawn on a bank located in the same place, and that the same rule applies to checks drawn on distant places, making allowance for the ordinary time it takes to transmit them.

The check dated the 17th of July was sold on the 28th, and not protested for non-payment until the 4th of August, on which day it was presented; whereas it could have been put in the mail on the 29th of July, and might have been presented for payment on the 1st of August, or on the 2d at farthest, and the other check, which the plaintiff received on the 29th or 30th of July, was not protested until the 9th of August, a period of ten days; whereas it could have been sent to Buffalo in three or four.

The court, in relation to this point, said that the rule of law is, that drafts drawn on a distant place must be presented the day or day after their arrival there. It is not, however, obligatory on a man to send off a draft to England by the first ship that sails, and there is no more obligation on a man to send a draft on to Buffalo than to England. The holder of a draft, instead of sending it where it was payable, might send it any where else he pleased, but when it does reach the place it is drawn on, then it must be presented on that day or the day after.

The objection to the notice of protest was, that it did not state that the notary had directed the notices to the parties who should have received it. And, therefore, the notices might have been put in the post office and directed to another person.

The court overruled this objection.

In relation to the charge of usury, several witnesses were examined on both sides, from whose testimony it appeared that the usual rate of exchange charged by the banks between this and Buffalo was, in the early part of July, but one half to three quarters per cent.; that in the latter part of July or beginning of August the banks raised the price of exchange to one per cent. for bank bills. Evidence was also adduced to show that there was a difference made between bank bills and drafts of from one quarter to three quarters per cent.

On the other side, evidence was adduced to show that checks were considered preferable to bank bills. The evidence on this part of the question did not, however, show what was the exact rate of exchange at the time of the present transaction. But it appeared to have been little, if any thing, under the price charged by the plaintiff.

The court charged the jury, That unless it had been proved the plaintiff had charged more than the regular rate of exchange, there was no usury, and the defence failed. As to what was the rate of exchange, the testimony was not very conclusive. The jury should consider the circumstances of the case, and if it was made out to their satisfaction that there had been no corrupt violation of the statute against usury, then the transaction stands disbarred of that charge, and the plaintiff was entitled to a verdict.

The jury without leaving their seats gave a verdict for the plaintiff of \$5,663 82.

For plaintiff, Mr. Lockwood.

For defendant, Mr. Foot.

REPEAL OF THE SPECIE CIRCULAR.

A Resolution relating to the public revenue and dues to the Government.

Resolved, by the senate and house of representatives of the United States of America in congress assembled, That it shall not be lawful for the secretary of the treasury to make, or to continue in force, any general order, which shall create any difference between the different branches of revenue, as to the medium of payment, in which debts or dues accruing to the United States may be paid.

RH. M. JOHNSON,

Vice President of the United States and President of the Senate.

JAMES K. POLK,

Speaker of the House of Representatives.

Approved, May 31st, 1838.

M. VAN BUREN.

THE NEW TREASURY CIRCULAR.

To all Collectors and Receivers of Public Money:

TREASURY DEPARTMENT, June 1, 1838.

By a resolution, passed the 31st ultimo, congress has declared, "That it shall not be lawful for the secretary of the treasury to make or to continue in force, any general order, which shall create any difference between the different branches of revenue, as to the money or medium of payment in which debts or dues, accruing to the United States, may be paid."

To carry this resolution into effect, it has become necessary to issue new instructions to collectors and receivers of public money.

By the present law, specie and treasury notes alone are expressly made receivable for all kinds of public dues, and you will of course continue to take them till otherwise instructed.

A circular was issued under the direction of the President of the United States, on the 11th of July,

1836, which, after a certain period, prohibited any currency from being taken in payment of the public lands except specie—no authority for the issue of treasury notes being then in existence.

This circular did not order any different medium to be taken for the duties—yet, the various reasons contained in it were not applicable to the revenue from customs, and a practice had existed before, and has been continued since, to receive bank notes of a certain character in payment of duties.

In this condition of things, and without any new legislation, either to extend the provisions of that circular to every branch of the revenue, or to abolish the practice of taking bank notes for any branch of it, congress directed, by the resolution above quoted, that no difference or discrimination shall be created or continued in force by any general order emanating from this department. It has thus been made the imperative duty of the secretary of the treasury, either to require the collection of the whole revenue, in all its branches, in gold, or silver, or treasury notes, or to permit, under such restrictions as the existing laws impose, and as the safety of the public money may seem to require, the acceptance of bank notes, for lands sold as well as for other public dues.

However desirable it may be on some accounts that the receipts and payments of the general government shall be in the currency provided in the constitution, and however inexpedient it may be to give undue encouragement to a different currency, which by its fluctuations in quantity and value often renders the wages of labour uncertain, gives instability to the value of property, and thus enables the artful to accumulate wealth at the expense of the unwary, it is not believed that this department can find a sufficient warrant in the proceedings of congress, or in the public opinion, to justify the sudden and total exclusion at this time of the notes of specie paying banks from reception for public dues of every description.

Important changes have also taken place since July, 1836, in the condition of the banks and of business generally, which have diminished the necessity for unusual checks.

Influenced by these considerations, and by a desire to accommodate the public debtor as far as is compatible with the restrictions of law and the safety of the pecuniary interests committed to my care, I feel bound to enforce the uniformity now required, by availing myself of the permission given in the resolution of 1816, to receive the notes of banks, and by extending, under suitable limitations, the receipt of such notes equally to all branches of the public revenue.

The limitations as to the character of the notes receivable will be such as are required by express laws, or by necessary implication. Some of these limitations have always, except at one brief interval, been adopted in practice since the formation of the constitution, and are deemed essential to maintain a sound currency, so indispensable to the prosperity of trade and a healthy state of public morals. Others have been introduced more recently to promote fiscal convenience, the public security, and an equal standard of value.

1st. You will, in conformity to the obvious intent of the resolution of 1816, take such bank notes only as are "payable, and paid on demand, in the legal currency of the United States."

2d. You will receive none of a less denomination than twenty dollars; the reception of all smaller denominations being virtually prohibited by the second section of the act of April 14th, 1836, which forbids their being paid out to any creditor of the United States. Though smaller notes offered for duties could,

from the nearness of banks in most seaports, be taken, and easily exchanged before making payments, yet from the remoteness of many land offices from banks, this could not be effected there without much delay and expense; and as uniformity is now required, the provision must be made general.

3d. Nor will you accept bank notes of any denomination, unless the same be "payable on demand, in gold or silver coin, at the place where issued," and "equivalent to specie at the place where" received, as is substantially required by the last mentioned act in respect to payments. These requirements can, in the opinion of the department, be enforced with greater certainty, and unnecessary risk and loss more surely avoided, by confining the receipts, as has been the usage at some former periods, to the notes of banks situated within your state, and in the adjoining state. The credit of these notes can usually be best known—counterfeits of them more easily detected—and specie obtained for them with less delay when it is wanted for public purposes.

4th. You will not take the notes of any bank which, since the 4th of July, 1836, has issued "any note or bill of a less denomination than five dollars," the notes of all such banks being expressly excluded by the eighth section of the act of the 23d June, 1836.

Great care will be expected from you in carrying into effect this, and all former circulars still in force; and particularly, it is enjoined that receivers be vigilant to furnish every facility to the registers for making the monthly examinations, recently required, of the funds and vouchers on hand, and to guard against the imposition upon the land offices of bank notes not safe or equivalent to specie, and not well known to be receivable, according to the spirit of those instructions, and the manifest intentions of the acts of congress, which they are designed to enforce.

Respectfully,

LEVI WOODBURY,
Secretary of the Treasury.

SMALL NOTES IN PENNSYLVANIA.

The auditor general, in compliance with a resolution of the legislature, made a report at its late session, of the amount of small notes issued by corporations and loan companies in this state since the suspension of specie payments by the banks. The following are the amounts as far as returns had been received.

Counties.	Dolla. etc.
Adams,	\$775 00
Alleghany,	26,429 60
Armstrong,	600 00
Beaver,	6,715 93½
Bedford,	none
Berks,	48,461 87½
Bradford,	no return
Bucks,	14,656 09
Butler,	none
Cambridge,	none
Centre,	none
Chester,	20,482 26½
Clearfield,	no return
Columbia,	10,179 00
Crawford,	none
Cumberland,	3,041 85
Dauphin,	18,750 00
Delaware,	none
Erie,	none
Fayette,	none
Franklin,	19,617 60
Greene,	none
Huntingdon,	7,138 10

Indiana,	none	
Jefferson,		\$200 90
Junata,	none	
Lancaster,		72,492 72
Lebanon,		8,276 50
Lehigh,		10,000 00
Luzerne,		400 00
Lycoming,		13,445 75
McKean,	none	
Mercer,	none	
Mifflin,	none	
Monroe,	no return	
Montgomery,	none	
Northampton,		24,729 39½
Northumberland,		2,689 00
Perry,		3,918 12½
Philadelphia city and county,		1,140,446 37½
Pike,	no return	
Potter,	none	
Somerset,	no return	
Schuylkill,		28,700 50
Susquehanna,		500 00
Tioga,	no return	
Union,		9,393 75
Venango,		300 00
Warren,		896 50
Washington,	no return	
Wayne,		136 00
Westmoreland,	none	
York,		29,990 06
Total,		\$1,523,281 90

LAWS OF CONGRESS.

An Act to secure the payment of certain commissions on duty bonds to collectors of customs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, on all bonds for duties, taken by any collector of the customs, the payment whereof has been at any time postponed by virtue of "An act authorising a further postponement of payment upon duty bonds," passed on the sixteenth day of October last, the collectors who took said bonds, respectively, or their legal representatives, shall be allowed by the Secretary of the Treasury, and entitled to receive, the same commissions, whenever and as fast as the sums secured by such bonds shall be paid in to the Treasury, as they would respectively have been entitled to be allowed and receive had the said bonds been paid at maturity and without such postponement; and no part of such commissions shall be claimed by or allowed to the successor in office of any such collector, in any case in which such successor would not have been entitled by law to a portion thereof, if such postponement of the payment of said bonds had not taken place: Provided, That nothing in this act shall be so construed as to give to any collector of the customs, or to the representatives of any such collector, a sum greater than the compensation he would have been entitled to receive in case the law therein referred to, for the suspension of payment upon revenue bonds, had not been passed, and the said commissions had been paid to the collector, to whom the same are hereby given, during his continuance in office, and at the first maturity of the said bonds.

RH. M. JOHNSON,

Vice President of the United States and
President of the Senate.

JAMES K. POLK,

Speaker of the House of Representatives.

Approved, June 12th, 1833.

M. VAN BUREN.

An Act to modify the last clause of the fifth section of the deposit act of the twenty-third of June, eighteen hundred and thirty-six.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last clause of the fifth section of the act entitled "An act to regulate the depositories of the public money," approved on the twenty-third day of June, eighteen hundred and thirty-six, declaring that the notes or bills of no bank shall be received in payment of any debt due to the United States, which shall, after the fourth day of July, in the year eighteen hundred and thirty-six, issue any note or bill of a less denomination than five dollars, shall be, and the same is hereby, so far modified as that the interdiction as to the reception of the bills and notes shall not continue against any bank which has, since the said fourth day of July, in the year one thousand eight hundred and thirty-six, issued bills or notes of a less denomination than five dollars, or which shall issue any such bills or notes prior to the first day of October, in the year eighteen hundred and thirty-eight, but that from and after the said last mentioned day, the bills or notes of no bank shall be received in payment of any debt due to the United States, which bank shall after that date, issue, re-issue or pay out any bill or note of a denomination less than five dollars.

WM. R. KING,

President of the Senate pro tem.

JAMES K. POLK,

Speaker of the House of Representatives.

Approved, July 5th, 1838.

M. VAN BUREN.

OFFICIAL DOCUMENT.

TREASURY DEPARTMENT, }
September 26, 1835. }

Sir,—The Girard Bank has been selected by this department as a depository of the public money, collected in Philadelphia, and its vicinity, and the collector of Philadelphia will hand to you the form of a contract, proposed to be executed, with a copy of his instructions from this department.

In selecting your institution, as one of the fiscal agents of the government, I not only rely on its solidity and established character, as affording a sufficient guaranty for the safety of the public money entrusted to its keeping, but I confide also in its disposition to adopt the most liberal course which circumstances will admit towards other monied institutions generally, particularly to those in the city of Philadelphia.

The depositories of the public money will enable you to afford increased facilities to commerce, and to extend your accommodations to individuals. And as the duties which are payable to the government arise from the business and enterprise of the merchants engaged in foreign trade, it is but reasonable that they should be preferred in the additional accommodation which the public depositories will enable your institution to give, whenever it can be done without injustice to the claims of other classes of the community.

I am, very respectfully your obedient servant,

R. B. TANEY, Sec'y of the Treasury.

To the Pres't of the Girard Bank, Phila.

THE CROPS.

STATE OF THE WHEAT-CROP.—The present wheat-crop throughout Virginia, and other adjacent states, so far as we have heard, is the best in quantity and quality combined, that has grown for many years—if not the best that has ever been made. Some partial disasters, on particular farms, have been suffered, from chinch-bug, hessian fly, or rust; but nothing worth

naming as affecting the general crop of Virginia. A more considerable cause of diminution will be found in the circumstance that there is less surface now under wheat than a few years ago; as the repeated losses and failures of wheat have caused almost every farmer to withdraw some portion of his field (the part promising the least product,) from wheat culture, and substituting oats or rye. The crops are now so far advanced in lower Virginia, that it may be considered out of danger, except from continued wet weather during the time for harvest; by which cause we have known one crop (in 1821) nearly lost, after it was ripe enough to be reaped. The weather now (June 25th) is very favourable.

Harvest has begun on some of the most highly improved marled land on James' river on the 18th inst., with purple-straw wheat—which was as early as (what is called) May wheat, elsewhere, and was ready for the scythes. There has been a predominance of cold weather for the time of year, through the last 60 days, or more, and the growth and ripening of wheat were everywhere more backward than usual. If the crop should prove as abundant as we now expect, it will be a most important means of restoring the commercial prosperity of the United States, and especially of Virginia, which has latterly been so woefully eclipsed.

There is also a prospect of good prices for, as well as good products of wheat. For crops to be delivered before August, at landings on James' river (tide water,) \$1.50 per bushel is offered; and sales have been made on these terms, by most of those who expect to be able to effect so early a delivery. Afterwards, prices must be considerably lower, unless there should be a failure of the European crop, and a consequent great foreign demand, neither of which contingencies is at all probable at this time. According to these views, every farmer should endeavour to get his crop to market as early as possible.—*Ed. For. Reg.*, June 23d.

COTTON CROP OF ALABAMA.—Alabama, which, a few years ago, grew not more than 10,000 bales of cotton per annum, will produce this season not less than 370,000 bales. The receipts of the present season, at Mobile alone, are 304,728 bales. The total receipts last year were 232,685 bales.—The value of the present crop is computed by the Mobile Examiner to be a fraction short of fifteen millions of dollars, estimating each bale at forty dollars. Alabama is now the greatest cotton growing state in the Union.

Office of the Chronicle, {
MOBILE, June 6. {

We copy a portion of a letter from a highly respectable planter, from Lowndes county, under date of 1st inst., presenting a most gloomy picture of the ensuing crop. "The prospect of the cotton planter is the most gloomy that has ever existed at this season of the year. From the 15th of May to the 29th, the weather has been so cold, as totally to destroy nine-tenths of the cotton. It is universal so far as my information extends. Every planter who has seed is now engaged in planting their entire crop. I am certainly better off than my neighbours, but the prospect of the best is indeed gloomy."

THE TOBACCO CROP.—The Nashville Banner of the 16th June gives extracts of letters from various parts of Tennessee in relation to the tobacco crop, and observes—"From the best and most authentic information that can be obtained, it seems that the prospect of the tobacco crop this season promises little better than that of the last, which is known to have been considerably short of the average quantity. Should this be generally the case, the article must not only keep up, but get to higher prices than it has commanded for some time. Both our staples of this country are likely

thus to fall short, while crops of grain and other productions will probably be as good, both in quantity and quality as of other years.

ALABAMA BANKS.—We learn from the Tuscaloosa Intelligencer, of the 25th June, that at a Bank Convention held there a few days before, a resolution was adopted recommending a general resumption of specie payments by the Banks of Alabama, on the 4th July, 1839. The Intelligencer adds—

"Considering the present embarrassed condition of the country, that is as early a period as could with propriety be fixed; though we have no doubt the banks will commence redeeming their small notes much sooner. The banks in this state, within the last three months, have curtailed their issues to a large amount; and it has been very sensibly felt throughout the whole state. Money here was never more scarce; and business of every description is languishing under the pressure."

From the same paper we learn that Mr. Mosely Baker, who left Alabama some years since for Texas, under very unfavourable circumstances in regard to his transactions with the State Bank at Tuscaloosa, has honourably and fully repaid the injury which that institution sustained through his means. He wrote to the officers of the bank, and in pursuance of his request, Mr. J. White, one of the directors, visited him, and received the full amount of the claim including interest, being in all about thirty-two thousand dollars, and gave Mr Baker a full discharge.—*Bull. Amer.*

BANK OF TENNESSEE.—This institution commenced operations on the 27th June. For the first fifteen days they will discount no note or bill for a larger amount than \$500, in order that their issues may be equally distributed by the branches in the different counties. Notice is given that their post notes will be redeemed in specie as soon as the other banks in the state commence specie payments.

New York, July 11.

Money Stocks are declining. Philadelphia Funds $\frac{1}{2}$ per cent. dis. The agent of the U. S. Bank takes all at that rate. Letters say that the notes both old and new of the U. S. Bank were paid in specie yesterday.—*Jour. Com.*

From the New York Gazette of 11th July.

GREAT BANK.—We are gratified to learn that the large bank of fifty millions of dollars, which has long been under advisement among our financial men, has at length assumed a palpable form. Joseph D. Beers, Esq., a gentleman of extensive experience in the business of exchange and banking, has, we are informed, accepted the office of President, and Myndert Van Schaick, Esq. so favourably known as a man of fortune and high character, will officiate as Vice-President. The direction comprises a portion of our most able and wealthy citizens, and the first subscription of two millions of dollars is already filled. Extensive arrangements, we are told, are already in progress to secure important advantages to this institution, and every thing betokens the most decided success.

The bank is termed the "North American Trust and Banking Company," and books for further subscriptions will be opened as soon as the articles of association are entered according to law. That this enterprise will materially aid New York in all its business relations, does not admit of a doubt.

NEW YORK CATTLE MARKET, July 9.

BEVER.—The supply of Beef Cattle to-day numbered 670 head, which includes 80 left since last week, and 500 from the south. The quality of the cattle was rather

inferior, which, combined with a limited demand, has again had the effect of lowering prices about 25 cents per cwt. on the average. The sales reached 400 head, at \$7 a \$10—forming an average price of \$3.50 per cwt.

Cows and Calves.—One hundred Cows and Calves were offered to-day, and 70 sold at last week's prices—say, \$30 a \$45.

Sheep and Lambs.—Are now coming in freely, and prices continue to decline. Fifteen hundred in market to-day, and 1,200 sold at \$2 a \$3.50 for sheep, and \$1.50 a \$3 for lambs.

Hay and Straw.—Hay is arriving as required, and sells at 92 a 81c. Straw continues at \$1 a \$3.50.—*N. Y. Cour. & Eng.*

FOREIGN NEWS.

LIVERPOOL MARKET.

Extract of a letter dated Liverpool, June 8th.

The import of all sorts of cotton into the kingdom since the 1st January, (to the 1st inst.) amounted to 770,000 bales, against 646,000 received during the first five months of 1837; and of American, separately, the receipts were 659,000 against 492,000 bales. The stock in the ports of the kingdom at the same time appears to have been about 463,000 bales, against 474,000, the estimated stock at the same time last year; and of American cotton the stock amounted to about 313,000 against 245,000, showing a decrease in all kinds of 11,000, and an increase in American of 68,000 bales.

Such large buying, for so many successive weeks, without producing almost any improvement in prices, forms a new feature in our market, and we believe it is not too much to say, that had it not been for the superabundance of money, we must have been considerably lower than we are at present, perhaps one penny.

Cotton.—Upland, ord. to middling fair, 5½ a 6½; fair to good fair, 6½ a 7; good to fine, 7½ a 7½. Orleans, ord. to mid. fair, 5½ a 6½; fair to good fair, 6½ a 7½; good to fine, 7½ a 8½. Mobile, ord. to mid. fair 5½ a 6½; fair to good fair, 6½ a 7½; good to fine, 7½ a 8. Tennessee, ord. to mid. fair, 5½ a 5½; fair to good fair, 6½ a 6½; good to fine, 6½. Sea Island, 15 a 22d, and fine 2s. a 2s. 6d.

The demand for cotton this week has again been good, perhaps the sales will exceed 30,000 bales: nevertheless the price is no better. Indeed in some quarters cotton seems to be pressed for sale at rather easier rates. It is admitted at all hands that a very general improvement has taken place in the manufacturing districts, the demand for both goods and yarns has improved, as also the prices of the former. Still the feeling with us is not healthy, and the tendency of our prices downward. The holders of low cotton are the most anxious sellers. We ought to reduce our notations, but we let them be as they are, for the present.

Stocks.—Bankers Quotations.—N. Y. State 5's, 1845, 92½ a 93; do 1860, 95 a 95½; N. Y. City, 1860, 91½; Penn. 5's, 1854-60, 93 a 94; do '69 to '65, 94 a 95; Ohio 6's, 99 a 103; Maryland 6's, 99 a 100; Mississippi 6's, 94 a 95; Virginia 6's, 97½; Louisiana sterling bonds 5's, 96 a 98; Indiana 5's, 86 a 88; Alabama 5's, 83 a 84; do sterling 5's, 95 a 95½; Florida 6's, 90 a 92; U. S. Bank shares 25.

Statement of the Bank of England up to May 29.

Liabilities.		Assets.	
Circulation,	£19,018,000	Securities,	£22,648,000
Deposits,	10,786,000	Bullion,	9,806,000
	29,804,000		32,454,000

SALES OF STOCK AT PHILADELPHIA.

July 23.

\$491 Draft on New York,	100½
\$1000 " " "	100½
\$600 " " "	100½
10 shares U. S. Bank,	190½ 100
4 " Schuylkill Bank,	49½ 50
6 " " "	49½ 50
10 " Girard Bank,	52½ 50
65 " Planters' Bank, Miss.,	95 100
\$400 Lehigh Sixes, 1845,	99½ 100

SALES OF STOCK AT NEW YORK.

July 21.

117 shares U. S. Bank,	119½
100 " Del. and Hudson Canal,	83
300 " " "	83½
200 " " "	83½
100 " " " b 15 ds.	82½
50 " Vicksburg Bank,	82
120 " Kentucky Bank,	91
100 " " "	91½
100 " N. J. Railroad, b 40	102½
10 " Canton Co.	50½
30 " " "	50½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

July 21.

Bills on London, 60 days sight, 7½ a 8½ p. cent. prem.	
" France, " 5 25 a 5 27½ fr. p. doll.	
" Holland, " 39½ a 40 cts. p. guild.	
" Hamburg, " 35½ a 35½ cts. p. mc. ba.	
" Bremen, " 79 a 79½ cts. p. rix doll.	
" Boston, " ½ discount.	
" Philadelphia, " ½ a ½ do.	
" Baltimore, " 1 a 1½ do.	
" Richmond, " 2 a 2½ do.	
" N. Carolina, " 5 do.	
" Charleston, " 3 a 3½ do.	
" Savannah, " 5½ a 6 do.	
" Augusta, " 5½ a 6 do.	
" Mobile, " 11 a 12½ do.	
" New Orleans, " 5½ a 6 do.	
" Louisville, " 4 a 5 do.	
" Natchez, " 14½ a 15 do.	
" Nashville, " 15 a 20 do.	
" Cincinnati, " 4 a 5 do.	
" St. Louis, " 8 a 10 do.	
" Michigan, " 10 a 12 do.	
" Detroit, " 4 a 5 do.	
American gold, 7 premium.	
do. new coinage, per a ½ do.	
Spanish dollars, 2½ a 3½ do.	
Carols do. 3 a 6 do.	
Mexican dollars, ½ a 1	
Half dollars, par	
Five-franc pieces, 93 a 94 cents each.	
Doubloons, \$16 30 a \$16 40 do.	
do. patriot, 15 60 a 15 70 do.	
Sovereigns, \$4 85 a 4 90 each.	

TERMS.

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THE FINANCIAL REGISTER

OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."

"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*J. Locke on Money.*

Vol. II.

WEDNESDAY, AUGUST 1, 1838.

No. 5.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 56.)

CHAPTER VIII.

Supposed prosperity of the country at the commencement of the year 1825—Remote causes of the panic—Failure of the house of Pole & Co.—Conduct of the bank—Proposed restriction of cash payments—Serious difficulties of the period—Discredit of the country bankers—Fortunate effect of an issue by the bank of one-pound notes—Favourable consequences of the panic.

I. SUPPOSED PROSPERITY OF THE COUNTRY AT THE COMMENCEMENT OF THE YEAR 1825.

We have reserved for a separate chapter the conduct of the Bank of England during the year 1825, inasmuch as that was a period including in itself two epochs—one of the greatest prosperity, the other of the most formidable distress, which have yet been recorded in the commercial history of this country. That ever memorable year was supposed, during the early part of it, to be, not the precursor, but the actual beginning of a new era in this country—a golden age in every sense of the word. Every interest was represented to be in the most prosperous condition; the hum of successful industry was heard throughout the fields and the manufacturing towns; every man was contented and happy, joy beamed on every face, and, as Lord Leveson Gower, on moving the address in the commons, poetically expressed it, "distress had vanished from the face of the land."

This picture may, perhaps, seem somewhat exaggerated; but upon looking back to the parliamentary history of that period we shall find, that all parties, whether whig or tory, old or new statesmen, financiers, mercantile men, peers, commoners, or plebeians—all joined harmoniously in the same song of triumph. At the commencement of the session of 1825, (3d February,) the commissioners who delivered the king's speech were commanded by his majesty to express to both

houses the gratification which he derived from "the continuance* and progressive increase of that public prosperity," upon which they had been congratulated at the opening of the preceding session of parliament. "There never was a period," they added, "in the history of the country, when all the great interests of the nation were at the same time in so thriving a condition, or when a feeling of content and satisfaction was more widely diffused through all classes of the British people." They spoke of the "flourishing condition† and progressive improvement of the revenue," and especially of "the continued improvement in the state of the agricultural interest,‡ the solid foundation of our national prosperity." Viscount Dudley and Ward, on moving the address, said that "his majesty's government, his parliament, and his people, now reaped, in honour and in repose, all that they had sown in courage, in constancy, and in wisdom."§ "There was a prosperity extending to all orders, all professions, and all districts, enhanced and invigorated by the flourishing state of all those arts which minister to human comfort, and by those inventions by which man seems to have obtained a mastery over nature by the application of her own powers; and which, if any one had ventured to foretell it only a few years ago, would have appeared altogether incredible; but which, now realised, though not yet perfected, presented to us fresh prospects, and a more astonishing career." The Earl of Liverpool congratulated the house in a tone of peculiar triumph upon the completion of that great measure, "the return to a sound metallic currency." "The task," he added, "had been a herculean one; but we had accomplished it, and were now enjoying our reward. England had reached a state of prosperity greater than any other country enjoyed—nay, greater than she herself, at any antecedent period, had ever attained."||

In the house of commons, Mr. Alderman Thompson, who might be considered as pecu-

* Hansard's Debates, vol. 12, p. 1.

† *Id.* p. 3. ‡ *Id.* p. 6. § *Id.* p. 5. || *Id.* p. 24.

liarily conversant with the commercial state of the country, testified to the fidelity with which that state was pictured* in the king's speech. In the excise there was an increase of more than a million, as compared with the preceding year; in the customs there was a similar augmentation. "Whatever part of England you visit, there are presented to your view a happy, contented, and industrious population; whether they are employed in the manufactories of our great staples, or in the cultivation of the soil, the scene is equally gratifying." The exports of 1821 were the largest ever known (in official value, £50,758,800,) and exceeded those of 1823 by four millions and a half. The transit trade had experienced a marked increase. The shipping interests were all in a state of rapid improvement. About two hundred more merchant vessels had been built within the preceding year, and they had all "plenty of employment." The chancellor of the exchequer, in making his exposition of the financial situation of the country, appeared anxious only to subdue to a statesman-like tone of moderation the feelings of exultation which were swelling in his bosom. But it is not a little remarkable that, while those feelings were struggling within him for adequate expression, some small still voice seemed to warn him of the unseen abyss which was already opening at his feet. The exordium of his speech on that occasion was, without any consciousness of danger upon his part, almost prophetic. "Although," said he, on (28th February) rising, "I cannot forbear to congratulate the house upon the auspicious circumstances under which we are called upon to review the state of our finances; I can truly say, that I do not do so for the mere purpose of making a flourish, nor with any desire to induce the country to indulge in an unreasonable exultation as to the present, or an extravagant anticipation as to the future. But although I have no such object in view, and although there may be in this country, and unquestionably are in other countries, persons who, either jealous of the eminence of our station, or ignorant of the causes which have placed us there, may represent our present prosperity as the forerunner of our ruin, and may wish to describe us as having merely hastened

—Numerosa perere
Excelsæ turris tabulata, undò altior esset
Casus, et impulsæ præcepit immane ruine,*

I, nevertheless, am of opinion, that if, upon a fair review of our situation, there shall appear

* Hansard's Debates, vol. 12, p. 48. + 16, p. 720.

to be nothing hollow in its foundation, artificial in its superstructure, or flimsy in its general result, we may safely venture to contemplate with instructive admiration the harmony of its proportions, and the solidity of its basis."

II. REMOTE CAUSES OF THE PANIC.

In the whole history of error, there is not a more signal instance of the utter fallacy of human calculation, than was furnished by this very fabric of prosperity, which was supposed by the chancellor of the exchequer to have then rested upon so firm a foundation. While he was praising the beauty of its proportions, Providence, if it had been consistent with Divine wisdom to make such a revelation, might have told him, that the situation of the country was indeed hollow, artificial, and flimsy; and that his sanguine anticipations would be proved, by the experience of a few months, to be a mere vision, comparable only to those splendid but delusive spectacles, which the lamp of the Arabian is fabled to have created.

It is not, perhaps, possible to re-assemble in review all the elements which may have combined to produce the panic of 1825. But it may be advantageous to state a few of the causes, which are believed principally to have led to that catastrophe.

In order to meet the obligation of resuming cash payments, the bank had, in consequence of a series of operations, accumulated, on the 20th of December, 1823, coin and bullion to the amount of £14,142,000, being the greatest quantity of treasure they had ever possessed before. This amount they possessed at a period, when their own outstanding notes under five pounds did not exceed the sum of £500,000. As more than half of their bullion had been destined to meet the withdrawal of the country bank small notes,* and as the period for the withdrawal of those notes (1825) was unexpectedly postponed by the act of 1822, [5 Geo. 4, c. 70,] that portion of the treasure thus collected became superfluous. If a country banker be possessed of more gold than he wants, [Ward, 1,978,] he can forward it to London, and exchange it for the notes of the Bank of England, or have it invested in stock and productive assets. But if the bank were desirous of discounting in gold, they could not do so, [1,979,] as no merchant would take it in the ordinary transaction of business. If they invested gold in other securities, [1,979,] such as exchequer bills, it

* For, the bank being the great mart for gold, the country bankers could have been supplied only from that source.

would infallibly come back to them, in consequence of its being impracticable to carry on mercantile affairs through the medium of a metallic currency. The only means they [1,976] have of rendering their gold productive, is to issue notes against it, with which they purchase such securities as they deem eligible; and then they wait until it is gradually reduced by the course of trade to the proportion which they usually retain.

So long as treasure was increasing in the hands of the bank, evidence was thereby afforded of the depressed state of the currency of this country as compared with that of others. During the early part of the year 1822, the very low state of the aggregate currency of the country, if not itself one of the consequences, was a decided token of a great fall of prices in commodities of almost every description. The country bank circulation, which, for some years before that time, had ranged from eleven to sixteen and twenty millions, was then reduced to seven. Wheat was at an average of 43s. [2,015;] complaints of distress were pouring in upon the government from all sides. With a view to relieve that distress, as well as to stimulate the circulation, government proposed to borrow four millions of exchequer bills [1,983] from the bank, and to lend them out on parish rates and public works. It was stated by Mr. Huskisson, that one of the chief objects which they had in that operation was to revive speculation, then dormant, [2,015;] upon which revival they placed their main hope of restoring the prosperity of the country, there having been at that period a great want of what might be called legitimate enterprise. That measure, however, was not carried into effect, the government having contented themselves with prolonging the time for the issue of small notes.

From that period, the country bank circulation (hitherto so limited, in consequence of the approach of the epoch first fixed for the withdrawal of the small notes) began to increase. A speculative spirit was soon awakened, and prices rapidly improved between the middle of 1822 and the commencement of 1825, fully twenty-five, if not even fifty per cent, which [2,011] indicated a decided commercial excitement that foreboded no good. [2,034].

There seems to be no reasonable doubt,* that this excitement was not a little inflamed by the reduction of [Palmer, 606] the interest upon government securities, which took place in 1823 and 1824. In the former year, the in-

terest was reduced one fifth upon £135,000,000 of five per cents.; and in the latter, the interest was lowered one eighth upon £80,000,000 of four per cents. These reductions created a feverish feeling in the minds of the public at large, which prompted almost every body to entertain any proposition for investment, however absurd, that was tendered.*

And if any thing more were wanted to heighten the [1*b.*] agitation that prevailed, it was found in the acknowledgment of the South American states by this country, and the inducements held out for engaging in mining operations, and loans to those governments, in which all classes of the community in England seem to have partaken. Almost simultaneously with those speculations, arose a general desire of adventure in commercial produce, which had an effect of adding to the rising aspect of prices, of disturbing the relative values between this and other countries, and of creating an unfavourable foreign exchange, which continued from October 1824, to November 1825. The consequence was, a subtraction by the public from the bank of gold to the amount of about seven millions and a half, leaving in it at the latter period only about £1,300,000 in bullion altogether.†

The pressure for discounts during the latter part of this [Harman, 2,212] interval was so great upon the bank, that, in order to provide themselves with adequate funds, they sold, in the September quarter of 1825, exchequer bills to the amount of one million. This fact [2,188] was at once symptomatic of distress; and it was rendered more alarming by the delay that took place, on the part of [2,191] the government, in the usual period of advertising the quarterly repayment or exchange of the exchequer bills. The consequence was, that they fell to a discount, a circumstance in itself [2,189] demonstrative of the most serious embarrassment. The bank were then placed in this condition, that if they assisted the government by the purchase of exchequer bills, they might endanger their own safety; and if they [2,209] refused that assistance, they might put in peril the security of the

* The issues in the latter part of the year 1824, for the payments to the dissentients, though justified by the state of the bullion then in the hands of the bank, were very unfortunate, occurring, as they did, just as the speculative frenzy began to rage.

† Note.—In the original work under the head of *errata*, is the following remark:—"The subtraction of bullion from the bank, from October 1824, to November 1825, should have been stated at eight and a half millions, leaving at the latter period about three millions in hand. After that came the drain by the country bankers, which reduced the balance, in December 1825, to one million."

* See also Richards, 4,958.

state itself. Under these circumstances, it is no wonder if the prices of all things fell in the winter nearly as much as they had risen in the spring.

III. FAILURE OF THE HOUSE OF POLE & CO.

In addition to all these unfortunate occurrences, the spirit of commercial speculation, then so contagious, [Palmer, 607,] had induced some bankers, particularly the house of Messrs. Pole & Co., a firm originally possessed of very great property in the persons of the partners, but which had fallen with the circumstances of the times, to invest money in securities not strictly convertible, to a greater extent than was prudent. They were largely connected with country bankers, and in the early part of December they exhibited symptoms of weakness which excited an extreme degree of alarm. "I think," says Mr. Richards, [5,006,] who was then deputy governor, "I can recollect, on the first Saturday in December, having come home from the bank, receiving a visit from two members of this committee, and one of our bankers of that class, at my own house, stating the difficulty in which a banking house near the bank was placed. I will not assert it, but I believe they had gone so far as to take care of the clearing of that house that evening, so as that it might fulfil its engagements. The object of that visit was to ascertain what would be my views upon the subject. I was called upon, because the governor was particularly connected with the house of Pole & Co., by marriage and other circumstances of relationship. After speaking upon the subject for some time, I was pretty sure that I could answer for the firmness of the bank; and I ventured to encourage those gentlemen to hope, that upon any thing like a fair statement the bank would not let this concern fall through. It was agreed that on the following morning (Sunday) we should meet as many directors as I could get together, with the three gentlemen who had called upon me, at the house of one of them, and that, in the mean time, some eminent merchants, friends of the house, should also be called to the meeting to assist with their opinions. We so met; and after hearing all the facts which were collected, in the first instance, by the bankers and the merchants present, the directors authorised their chairs to say, that assistance should not be wanting. It was agreed that £300,000 should be placed at the disposal of Pole & Co., the next morning, for which the bank received as securities a number of bills of exchange and notes of hand, and over and above, a mortgage on Sir

Peter Pole's property, which was to ride over the whole. During that week, I believe, the attention of every man was directed much more to the state of that house than to any thing else. They fought through it till Thursday or Friday, pretty manfully; and about that time, from a conversation I had with a gentleman, a partner in the house, I was led to fear that it might fail. However, it fought on till Saturday evening; and I believe their position was then such, that without the assistance of the same eminent individuals who had taken part before, that clearing would not have gone right.

IV. CONDUCT OF THE BANK.

"Sunday passed, and on Monday morning the storm began, and till Saturday night it raged with an intensity that it is impossible for me to describe: on the Saturday night it had somewhat abated. The bank had taken a firm and deliberate resolution to make common cause with the country, as far as their humble efforts would go; and on Saturday night it was my happiness, when I went up to the cabinet, to assure my Lord Liverpool, and the members of his majesty's government then present, that all was well. That was, I believe, on Saturday the 17th of December. When that evening came, by one of those happy circumstances which sometimes occur, the tide receded, and turned from that moment. Then, in the following week, things began to get a little more steady; and by the 24th, what with the one-pound notes that had gone out, and other things, people began to be satisfied. After that, the thing got quiet; and I think, in January 1826, London and the country were getting still more tranquil. But there was an excitement from the time parliament met in February, to its rising in June or July, which it required a vast deal of firmness and a vast deal of steadiness to control. Happily, it did succeed; and since that, I trust, under all circumstances, the thing has got into a state, which God forbid it should ever depart from."

In the subsequent parts of his evidence, Mr. Richards [5,007] adds, "Another such week, and the country would not have stood it; in my humble judgment, the bank could not have stood it, although we had gold coming. We hoped that it would reach us the following week; but [5,009] we were subject to the winds and the waves, and every other circumstance. The sum expected was about [1,010] £400,000; but, happily, events anticipated its arrival. On one of the days of that period, some members of [5,008] the government met several times at Lord Liver-

pool's house, when there was great reason to apprehend that the stock of gold would not be sufficient to meet the demand; and they thought, upon the whole, it would be best to pay to the last. There was a declaration by us, at the very beginning of the week, that we would do so; [5,011.] Lord Liverpool had asked that question, and I undertook to say, early in the week, that the bank would pay its last guinea. When I went down to the court, they did me the honour to approve of and to support that answer; and if the necessity of the case [5,007] had required it, they would have acted upon that resolution."

V. PROPOSED RESTRICTION OF CASH PAYMENTS.

It appears, however, that about the middle of December, the bank had suggested to the government the [Harman, 2,224] expediency of an order in council to restrain the payment in gold at that period, which the government resisted from first to last. Mr. Huskisson advised [2,225] that the bank, if their gold was exhausted, as they [2,227] had reason to apprehend it would be, should place a paper against their doors, stating that they had not gold to pay with, but might expect to have it in a short time; [Richards, 5,043.] that is to say, about the 1st of February. It is difficult to say what would have been the consequence [Harman, 2,231] of such a notification. The bank very seriously deliberated upon it; and they came to a conclusion, [Richards, 5,043.] that they could not adopt the proposition. They were not perfectly satisfied, that by the 1st of February they might get a sufficient supply of gold; and as their minds were not clear as to their ability to perform such a solemn engagement, which might be defeated by a thousand circumstances, upon that ground they declined it. The principal objection of [5,046] the bank was to bind itself to a particular day.

VI. SERIOUS DIFFICULTIES OF THE PERIOD.

The lowest amount of bullion to which the bank was [Richards, 5,053] reduced at that period did not much exceed one million. Every nerve was strained to procure gold [Harman, 2,226, 2,265] at any price from the continent; and as it came in, the mint worked double tides, night and day, converting it into coin. But, notwithstanding all this exertion, the credit of the country was within an ace of failure. If the bank [2,262] had been under the necessity of stopping their cash payments, the merchants would have been unable to fulfil their engagements. [Richards, 5,035.] A project was said to have been in contemplation for the postponement for a week or fortnight

of the payment of all bills: had any such measure been adopted, it would only have augmented the difficulties of the period. Those who were possessed of sugar, cotton, or other articles, might have given an equivalent amount for their acceptances; but whence was the money to come, which would have alone restored public confidence? Persons holding foreign [5,036] bills of exchange, which were not regularly paid, would in many instances have been obliged to return them to their correspondents under protest; those who possessed some of the best supplied portfolios were in a state of very great alarm; and there is no doubt that if such a measure had been resorted to, it would have been [5,037] followed by a total suspension of all the regular transactions of merchants, bankers and traders. Things, in short, would have been in such a situation, that it is difficult to calculate what the result would have been. [5,039.] It is possible that a legislative restriction (which, after all, the government, it [5,059] would seem, was prepared to grant, in case of inevitable necessity,) might have given confidence, or it might not. All that the bank [5,049] could have done, was to have followed the course of paying up their last guinea: it would then have become the common cause of the public. Whatever might have passed in the minds of individuals, no formal declaration was come to by the bank, as to what ultimate measures they might adopt, if their gold had been exhausted. Fortunately, before that event took place, the public mind, whether from fatigue, or from having been satisfied, had yielded to circumstances, [5,055.] and the crisis was over.

VII. DISCREDIT OF THE COUNTRY BANKERS.

It would appear that the first decisive shock to commercial and banking credit arose from the failure of the house of Messrs. Pole & Co. [Palmer, 607.] That event brought at once a vast number of country banks, which were in correspondence with it, into difficulties, and a general discredit followed throughout London and the interior. The want of confidence became so general, that there [608] was an immediate application to the bank for assistance upon commercial discounts, and every other species of security. The market rate of interest speedily rose to that of the bank; and the bank became the only remaining resource for the country. The discredit increased to such an extent, that, although greater wealth cannot exist in any body of men whatever, almost every London banker found it necessary to provide himself, through the Bank of England, with the means of meet-

ing the demands which arose from his depositors, occasioned by the universal distrust. The country bankers, also, who remained solvent, but who, [609] from accidental circumstances, were in a state of discredit, were obliged to come to the bank directly, or through their London correspondents, for specie to meet their engagements, as well as the apprehensions which they entertained of what might possibly come upon them. The greater part of the gold that was issued [275] upon that occasion was for the supply of the country [Harman, 2,266] bankers in every part of the kingdom, including even those of Scotland. The pressure of the time, so far [Palmer, 611] as the demand for gold extended, was chiefly upon those establishments, and it arose exclusively from the holders of [620.] one-pound notes, which the country banks had then the power of issuing.

VIII. FORTUNATE ISSUE OF ONE-POUND NOTES.

When the bank found a difficulty in getting from the mint coin sufficient to meet the [Palmer, 617] demand, it was recollected that there were in the house some parcels of one-pound notes, which had been signed before the passing of the act for their withdrawal. It was suggested, as the pressure upon the country banks for gold arose entirely from the holders of their one-pound notes, that, possibly, the public might receive Bank of England one-pound notes in lieu of gold. The idea [Richards, 5,070] was communicated officially to the government, who approved of it. When the panic was at its height, a considerable part of these notes was sent into the country, where they were received with acclamation. [Harman, 2,269.] At Norwich, when the Gurneys showed upon their counter so many feet of one-pound [Richards, 5,075] notes, of such a thickness, it is said that they thereby stopped the run in that part of the country. Whether that issue of small notes was the cause or not, the [Harman, 2,269] fact was, that within a week after it had taken place the panic vanished like a dream. No doubt, ten-pound, or five-pound Bank of England notes would have produced the same effect; but the persons making the demand were most probably holders of one-pound notes only, each to an amount under five pounds. [Palmer, 619.]

IX. SALUTARY CONSEQUENCES OF THE PANIC.

The effect of the panic, both in London and the interior, was to depress still farther the prices of all commodities, which had been already declining, from the period of the adverse turn of the exchanges. But this very

evil was itself the cause of good. The low prices in England attracted foreign customers; the gold came with them; the exchanges recovered; the coin that had been issued from the bank began to flow back again to its coffers, in proportion as the alarm subsided; and although many noble fortunes were wrecked while this terrible storm was at its height, yet the consequences, upon the whole, have been salutary to the country. Men, in general, have been taught to exercise more caution in entering upon speculations either at home or abroad. A great number of houses, which were trading upon discounts and artificial capital, many of them no better than common swindlers, were justly swept away. The experience of that period has also, as we have partly seen, presented to the directors of the bank certain principles of action,* which, so long as they shall be observed, will be likely to protect its resources from being exhausted by any demand arising exclusively from commercial discredit. Against the effects which would follow from a state of political alarm, it is impossible that there can be any security. [Palmer, 741.] But the precautions adopted by the bank, as well as the suppression, both in London and the country, of one-pound notes, are likely, in all human probability, to guard the country from any panic similar to that of 1825, which arose entirely from fiscal and commercial causes.

CHAPTER IX.

Principles upon which the circulation of the bank is ordinarily administered—Cases of exception—Criterion of a sound currency—causes of its derangement—Measures for equalising it—System of the bank with reference to securities and bullion.

I. PRINCIPLES UPON WHICH THE CIRCULATION IS ADMINISTERED.

Since the resumption of cash payments, which can hardly be said to have been completely under the control of the bank until after the events of 1825, and the entire suppression of the one-pound and two-pound notes in the country,† the rule of that establishment has been, to preserve in its coffers an amount of bullion equal to one third of the whole of its liabilities. Thus, [Norman, 2,392,] if we assume the circulation to be £21,000,000, and the deposits to be £6,000,000, the bank would then, according to its present principles

* Establishment of branch banks; the system of not founding their issues (in ordinary times) upon discounts; the preservation constantly of a certain proportion of bullion, and for that purpose (as we shall see) a vigilant attention to the exchanges, and the equalisation of their circulation.

† See "Summary of Law."

of management, retain £9,000,000 in bullion in a period of full currency. [2,461.]

The currency is said to be full when the exchanges are at par, or rather when they are on the point of [2,460] becoming unfavourable, prior to the commencement of a demand for bullion. In that state of things, the [Palmer, 293] circulation of the bank is supposed to be neither more nor less than is necessary for the transactions of the country. The moment the exchanges become unfavourable, the fact is discovered by a demand for gold at the bank; and as notes must then be given by the parties who wish to procure it, the consequence is, that the circulation becomes *pro tanto* diminished, and the gold obtained in lieu of the notes goes abroad. When the [298] demand ceases, and the exchanges take a favourable turn, then the bank is in a progressive state towards re-assuming its proportion of bullion. In May 1832, the resignation of Lord Grey's ministry having produced great agitation throughout the country, there was a drain for gold upon the bank, arising entirely out of political distrust. Before that drain began, the bullion [299] in the bank amounted to about £6,500,000. The total absorption of gold which took place at that period, including the sums paid on account of dividends, was near £2,000,000. Nevertheless, after the drain had [285] ceased, the bullion in the bank had accumulated to £5,500,000, in consequence of there having been a natural influx of gold during that interval, and that, too, at a very high rate of exchange.

But when the drain upon the bank for gold arises from the unfavourable state of the foreign exchanges, and bullion is wanted for exportation, then the bank would wait, under ordinary circumstances, until the exchanges should take a turn the other way, before it would replenish its coffers. If, however, an extraordinary [Norman, 2,465] demand arose, and continued to go on increasing, the directors, in order to provide for the safety of the bank, would have recourse to operations for the contraction of the circulation. Thus, for instance, if they foresaw a bad harvest, or any other circumstance likely to turn the exchanges against the country, they would, even if the [Ward, 2,086] exchanges were at the moment favourable, anticipate their becoming unfavourable, and make their preparations accordingly. They would, in such a case, proceed to shorten the amount of the currency in this way. The [2,087, 2,088] bank is possessed of a certain number of securities, always coming into it. A considerable amount of these arises from the annuities, the dead

weight, and other assets of that description. These moneys they would not re-issue. If they had silver at their disposal, they would, perhaps, as a further measure, send it to Paris, and draw against it; and, finally, if the extraordinary necessity of the case required it, they would sell all [2,089] their exchequer bills, and reduce the amount of their other securities. They would not thus forcibly contract [2,092] their issues in anticipation of uncertain events, or of events not likely to be of any magnitude. Their object in taking such precautions would be, to prevent sudden jerks in the currency, and to provide against [2,094] the extraordinary demand they saw coming, before it was actually at their door. If they did not thus anticipate the [Q. 695] period of the exchanges becoming unfavourable, they would have to buy gold at a very high price, and to furnish those who demanded it in exchange for notes at a low price, the bank losing the difference upon the transaction.

II. CASES OF EXCEPTION.

It is perhaps in such an unusual case as this, that the interests of the bank might be supposed to come in conflict with those of the public. For it might thus happen, [Ward, 2,095,] that at the period of a bad harvest, for instance, the country would have to contend not only against a scarcity of food, but also against a scarcity of money, [Palmer, 684,] and a reduction in the prices of such commodities as it would have to sell. Then commercial distress [Norman, 2,472] would probably follow, workmen would be thrown out of employment, discontent would prevail, and political as well as commercial discredit might be the result. It is obvious, however, that such consequences as these could not be guarded against, even if the whole currency of the country were metallic; and, therefore, that the only responsibility which the directors incur in executing an anticipatory operation of this serious character, is that of acting upon no datum short of positive certainty.

But when matters assume this momentous character, the conduct of the bank becomes a question of state policy; and it is but justice to that institution to remember, that when it was within a few hours of losing all its gold, in consequence of the panic of 1825, instead of separating itself from the interests of the country, it was deliberately identified with them; and the resolution was taken, that the interests of the bank and the nation should fall or stand together. It should never be forgotten, that all the principles of management upon which the bank ordinarily acts

were flung to the winds upon that occasion; and that their discounts and advances upon all sorts of securities were swelled to upwards of fifteen millions, at an hour when their bullion was reduced below one.

If, therefore, an emergency should arise, in which, referring to their general rules, the directors might deem it prudent to contract their circulation, they would probably recollect, that no state of commercial alarm has ever yet affected the character of the bank; but that, on the contrary, the credit of that establishment has risen above the common credit of other bodies [2,479] of individuals, at such periods, higher than at any other time. There is little doubt that, under such circumstances, the governor would communicate with his [Ward, 2,095] majesty's ministers, and consult with them as to what would be the most expedient course for the bank to adopt, with a view to the general welfare of the kingdom. There is no resolution recorded on the point, [2,096,] whether the directors shall wait until the demand for gold actually arises before they contract the currency; or whether they shall anticipate the period of such demand. But there is not one person in the direction, who does not consider it a sacred duty to do always the very best that can be done, in order to preserve the principle of the currency.

III. CRITERION OF A SOUND CURRENCY.

That principle, as explained by Mr. Ward, requires that the notes of the bank should be on all occasions the same as gold to the public. The government have decided that a gold standard of currency should be [Ward, 2,097] maintained. The bank, under its charter, possesses the power of issuing paper in substitution of that currency; and it is therefore the duty of the directors to take care that the public shall have no cause of complaint, by finding that some pernicious effect shall attach to the issuing of notes, which would not have occurred had the currency been confined to gold coin.

If the market price of gold materially exceed the [2,098] mint price (£3 17s. 10½d.) for any length of time, the principle of currency, which means nothing more than that the notes of the bank shall be always on a par with gold, is violated. The public should never have any inducement, by reason of a depreciation of the paper, to exchange [2,099] it for gold. Vibrations of that kind are [2,100] equally detrimental to both parties; and their interests [2,101] are equally consulted, so long as a perfect parity is preserved between the paper and the bullion.

IV. CAUSES OF DERANGEMENT.

But the payment of the dividends quarterly, and occasionally the demand of the public, whether arising from political or commercial causes, will sometimes produce an action on the bank, which of itself necessarily [Ward, 2,102] deranges the currency. For example, "there is now" (21st of June 1832,) says Mr. Ward, "an influx of gold to the bank greater than is required to meet the demands of the public; and I believe it will have a very pernicious effect. That influx has amounted already to two millions since March. Suppose the dividends come out on the 9th of July, and suppose those persons that have already (during the ministerial interregnum) hoarded a million and a half or two millions of gold, change their humour, and bring them back to the bank, you will then have two millions of notes more in the market, and you will, perhaps, have six millions issued from the dividends, making eight millions. No man can deny, that such an amount as eight millions of notes brought upon the public, in addition to about sixteen that now exist, is a most inconvenient situation. But how is it to be avoided? The dividends must be paid, and the holders of notes must have the right of exchanging them according to their caprice. If we were even to pay part of the dividends in gold, [2,103,] it would all come back. The party has only to open a drawing account with the bank, and he pays in the gold, because it is inconvenient; and he draws out notes, because they are convenient, and we cannot prevent it."

V. MEASURES FOR EQUALISING THE CURRENCY.

The evil here alluded to, so far as relates to the dividends, has been in some degree mitigated by a measure which has been adopted by the bank within the last three years. Previously to that period, the public [Palmer, 256] experienced almost equal inconvenience from the great scarcity of money which existed just before the termination of each quarter, in consequence of the payments into the exchequer, and from the too great abundance of it immediately after, arising from the issue for the dividends. With a view to check the drain at the one period, and the flood at the other, the bank, within a month of the termination of each quarter, offer to the [255] public at large any amount of notes that may be required, at what may be deemed the market rate of interest, upon the deposits of approved bills. This plan is calculated to equalise the circulation of Lon-

don as much as possible, and it has been attended with the [257, 258] most beneficial consequences.

During the last two years, moreover, the directors [269] have spontaneously taken no measures for the purpose of contracting the circulation. Whatever diminution has occurred, has been effected almost entirely by the return of notes for gold and silver. Their policy is to [72] keep in view the foreign exchanges and the state of the bullion market, [Ward, 2,097,] and to be prepared for the increase of their issue when the exchanges are favourable, as well as for the diminution of it when they are unfavourable; seeing that such increase and diminution would take place if there were no notes in existence. With the exception of the special circumstances above alluded to, [Palmer, 72,] the principle of the bank is, when the currency is full, and the exchanges consequently at par, to invest and retain in securities bearing interest, the proportion already mentioned of their deposits, and the value received for the notes in circulation, the remainder being held in coin and bullion; the circulation of the [73] whole currency of the country, so far as the same may depend upon the bank, being subsequently regulated by the action of the foreign exchanges. Whatever power the bank may have with reference to the [78] currency, they are very desirous not to exercise it, but to leave individuals to use the right which they possess of returning bank paper for bullion. The exchanges [79] are in due season corrected, when left wholly in the hands of the community. If the bank be adequately supplied with bullion, as they usually are when the currency is full, they experience no inconvenience by waiting to have the exchanges corrected by the operations of the public.

VI. SYSTEM OF THE BANK WITH REFERENCE TO SECURITIES AND BULLION.

It is another important principle with the bank, to keep their securities uniformly at the same amount, as [Palmer, 84] nearly as the same can be managed. The public are thereby enabled, without any forced operation on the [85] part of the bank, to act for themselves in returning notes for bullion for exportation when the exchanges are unfavourable. If the exchanges continue favourable for any great length of time, then the influx of treasure will command an increased issue of paper, which may derange the proportions. But it does not follow, that in order to rectify that disturbance the bank ought, upon that account, immediately to extend their issue upon securities. When, however, it is ascer-

tained to be desirable that part of the excess of bullion so received should be restored to the continent, then it may be necessary for the bank to act upon their system, by transferring part of the bullion into securities, still preserving the proportions of one third and two thirds.

The amount of securities and treasure being thus fixed, if a drain commence, it is allowed to go on [Norman, 2,392] unchecked, unless, as we have seen, some special occasion for interference should arise. The diminution of treasure is then accompanied by an equivalent reduction of circulation and deposits; and in order to prevent that reduction from lessening the accommodation which the [2,394] bank afford to the mercantile world, they contrive in that case to dispose of a portion of their exchequer bills or other securities, and thus increase the fund for discount.

[Palmer, 89.] Whatever the fact may be in foreign banking institutions, it is desirable that the directors of the Bank of England should retain a greater proportion of bullion than they would do, if they had merely to provide for their own circulation. The bank being the great emporium in this country for gold, they are liable to be [90] called upon, through the medium of the London money market, for a large supply of coin to sustain the circulation of the country bankers. Those gentlemen [91] are possessed of so much property, and such securities, that it is difficult to contemplate any contraction of the paper circulation, which would deprive them of the power of procuring it to any amount they might require, and so provide themselves with gold from the Bank of England. The demand upon them, especially in times of discredit, [139] might extend beyond the amount of bank notes which they usually hold in reserve. If that amount were exhausted, and they wanted more gold [152] coin, they would sell their exchequer bills, stock, or other securities, or have them sold in London, and thus obtain a further supply of notes for which they would be entitled to receive specie from the Bank of England. This process took place, to a large extent, [94,] in the year 1825, and very considerably reduced the resources of [95] the bank, independently of the foreign export of bullion. Hence it is manifest, that after every [96] precaution which the bank can take to keep their circulation in correspondence with the foreign exchanges, they are still liable to the other danger of having to find bullion, for the purpose not only of meeting the wants of the country bankers, but also of allaying the apprehensions of timid men, who may wish to have in their possession more coin than they

can possibly have use for in any emergency. It is this circumstance that compels the bank to retain a larger deposit of bullion than would otherwise have been requisite.

(Continued at page 81.)

REPORT ON MR. WEBSTER'S RESOLUTION.

IN SENATE, FRIDAY, JUNE 8, 1838.

Mr. Wright, from the committee on finance, made the following report:—

The committee on finance, to which was referred the resolution of the senate of the 31st ultimo, directing certain enquiries as to various provisions of an act entitled "An act to regulate the deposits of the public money," passed on the 23d day of June, 1836, respectfully report:

The resolution instructs the committee "to take into consideration the act of the 23d of June, 1836, entitled 'An act to regulate the deposits of the public money,' and to make enquiry upon these points, viz.

First. "Whether, according to the provisions of that act, it is now competent for the secretary of the treasury to employ any bank which has heretofore been selected as a public depository, and which, since the passage of that act, has suspended specie payments."

The committee have examined the act with attention, and find that, all other objections being obviated, it is competent for the secretary of the treasury to employ, as a public depository, any bank which has heretofore been selected for that service, "and which, since the passage of that act, has suspended specie payments." The eighth section of the deposit act prohibits the secretary of the treasury from discontinuing any deposit bank, and from withdrawing the public money therefrom, except for certain enumerated causes, one of which is in the following words:

"Or if any of said banks shall, at any time, refuse to pay its own notes in specie, if demanded."

Upon this cause being presented, it is made the express duty of the secretary, by the same section of the act, "to discontinue any such bank as a depository, and withdraw from it the public moneys which it may hold on deposit at the time of such discontinuance;" but when the bank shall have again resumed specie payments, nothing is found in this language to interdict its re-selection as a public depository.

The fourth section of the act sets out the terms and conditions upon which the banks shall agree to receive the public moneys before they shall be employed as depositories. The second of these terms is proscribed in the following words:

"*Secondly.* To credit as specie all sums deposited therein to the credit of the treasurer of the United States, and to pay all checks, warrants, or drafts, drawn on such deposits, in specie, if required by the holder thereof."

The breach of this condition, on the part of the bank, would be a refusal to pay its depositors in specie, and consequently a suspension, to that extent, of specie payments; and the duty of the secretary of the treasury to discontinue it as a depository, and to withdraw the public money from it, would become imperative, by the language of the eighth section, before referred to, which assigns, as another cause of discontinuance and withdrawal, that "at any time any one of said banks shall fail or refuse to perform any of said duties, as prescribed by this act, and stipulated to be performed by its contract."

This contingency, therefore, like the former, would take from the bank its character as a depository, for the

time being; would forfeit the existing contract, and render its discontinuance, and the withdrawal of the public money from it, an imperious duty; but the committee see nothing, in either of the causes, to prevent a second contract with the same bank, when it should again resume specie payments, again consent "to pay its own notes in specie, if demanded," and again "pay all checks, warrants, or drafts, drawn on the public deposits, in specie, if required by the holder thereof." They find no provision in any other part of the act interdicting a second contract with the same bank, when the first shall have been terminated for either of these causes, and they therefore express their opinion that "it is now competent for the secretary of the treasury to employ any bank which has heretofore been selected as a public depository, and which, since the passage of that act, has suspended specie payments;" there being no other obstacle in the way of such second employment, than the act of suspension of specie payments.

The next point to which the resolution directs the enquiry of the committee, is in the following words:

"*Second.* Or which has, since the fourth day of July, 1836, paid out notes, or bills, of a less denomination than five dollars."

To cause the enquiry to be clearly understood, it is necessary to connect the preceding language with the words above quoted, and the enquiry will be, *whether, according to the provisions of that act, [the deposit law of 1836,] it is now competent for the secretary of the treasury to employ any bank which has, since the fourth day of July, 1836, paid out notes, or bills, of a less denomination than five dollars.*

In answer to this enquiry, the committee find the two first clauses of the fifth section of the act to be in the following words:

"*SEC. 5. And be it further enacted,* That no bank shall be selected, or continued, as a place of deposits of the public money, which shall not redeem its notes and bills, on demand, in specie; nor shall any bank be selected, or continued, as aforesaid, which shall, after the fourth day of July, in the year one thousand eight hundred and thirty-six, issue, or pay out, any note or bill of a less denomination than five dollars."

The last of these clauses meets and answers the enquiry directly, and shows that it is not competent for the secretary of the treasury, under this act, now to employ, as a public depository, any bank which has, since the fourth day of July, 1836, either issued or paid out, notes or bills of a less denomination than five dollars; while the first clause interdicts the selection or continuance, at any time, and under any circumstances, of any bank "which shall not redeem its notes and bills, on demand, in specie."

These two points of the enquiry seem to the committee to assume the expediency of a course of legislation which shall revive and introduce again into practice the deposit system established by the act of 1836, as the system upon which the public money is to be kept and disbursed. Under this supposition, the opinion of the committee, as to the first enquiry, does not indicate the necessity of further legislation; while the plain and unquestioned construction of the act, as to the second, compels an answer which, to the minds of those who desire the introduction of that system, may seem to point out such a necessity.

Not so with the majority of the committee. While left by the senate to the free exercise of their own opinions, they cannot recommend any legislation, the effect of which will be to reunite the public treasury and the banks, by a return of the public treasure to the uses of banking; to stimulate and compel the banks to discount upon the public money, by exacting from them an interest for its use; to promote an expansion

in the paper issues of the banks, exactly proportioned to the fertility of the public revenues, and a corresponding embarrassment of the public treasury, when a sterility of revenue shall call for the public money which has passed into the hands of the customers of the banks. Such, they believe, have been the effects of the system of deposits, the revival of which the resolution seems to contemplate. That system compelled the deposits of all the public money in banks; it placed it in those institutions upon general deposit, and thus made it, in fact and in law, the money of the banks, and not the money of the people; it not only held out an inducement to the banks to use the money for the purposes of discount and banking, but, in this way, gave them the right so to use it, in defiance of the popular will, and of the public authorities; it went farther, and compelled them to convert it to some profitable employment, by demanding interest from them while it was in their keeping. Time and experience have shown the consequences of such a policy, and, were there no other reason, these consequences would forbid the committee from recommending any legislation calculated, or intended, to revive that system.

The action of the senate, however, appears to them equally to stand in the way of any such recommendation. A special convocation of congress, in September last, was a necessity imposed by the failure of this system of deposits, and the embarrassments to the public treasury thereby occasioned. Recommendations for the keeping and management of the public money, without the aid of the banks, and especially for a permanent separation between the treasure of the people and the business of banking, were then laid before congress by the president. These recommendations were deliberately and definitely acted upon and adopted by the senate, but failed to receive the assent of the other branch of congress. At the commencement of the present session, the same recommendations, substantially, were renewed, and again the senate has, after long deliberation and debate, adopted them, in the shape of a bill, and thus sent to the house for its concurrence. If that shall become a law, the whole deposit system recognised and legalised by the deposit act of 1836 will be superseded. Will the senate, then, by its own action, supersede its own bill? Will it, in the absence of all information as to what may be the fate of that measure in the co-ordinate branch of the legislature, or rather with the knowledge that it has not yet been considered there, send another bill upon the same general subject, based upon adverse principles?

The committee can only repeat what they have found it to be their duty to say upon a kindred branch of this subject, that whether such duplicate action, by the same legislative body, be consistent with established parliamentary law, with the economy of legislation, or with the uniformity of decisions which should characterise all deliberative bodies, are questions which properly address themselves to the senate and not to them; but, upon the merits of the propositions they must be permitted to feel entire confidence that no sufficient reason for a change of opinion or action can be presented.

The remaining enquiry embraced in the resolution is in the following words:

"Third. And also to enquire into the expediency of repealing or modifying those provisions of the said act, which prohibit the receipt, in payment of debts and dues to the United States, of the bills of all banks which issue bills of less denomination than five dollars."

This enquiry relates to the last clause of the fifth section of the act, which reads as follows:

"Nor shall the notes or bills of any bank be received in payment of any debt due to the United States, which shall, after the said fourth day of July, in the year one

thousand eight hundred and thirty-six, issue any note or bill of a less denomination than five dollars."

This provision of the law of 1836 was inserted in furtherance of a policy some years since adopted by congress, as will be seen by the eighth section of the proposed recharter of the Bank of the United States of the year of 1832, which reserved to congress the power, from and after the 3d of March, 1836, to prohibit that institution from issuing or circulating notes of a less denomination than twenty dollars. That act did not become a law, but this feature of it met the approbation of the two houses of congress, while the objections of the then president to the bill made no mention of this provision as exceptionable in his mind. On the contrary, his whole policy, and all his recommendations in relation to the currency, after that date, and especially after the time when the power could have been exercised, favoured the policy of this limitation. Various legislation of congress in the year 1836, distinctly indicated a determination to adhere to and carry out the policy, and by limiting the circulation of bank notes of the smaller denominations, to secure a currency of coin only for the minor transactions of business, for the payment of day labourers, for the change required in pecuniary dealings, and the like; and in this way, also to give a more broad metallic basis to our whole paper circulation. Many of the states of the Union fell into the policy thus adopted and pursued by this government, and conformed their legislation to the object proposed. It seemed to be universally conceded that these two objects could only be secured by the exclusion of small bank notes from ordinary circulation; and all adopted the policy as wise, and worthy of pursuit. The powers of this government could effect little, as the paper circulation to be suppressed was that of the notes of banks existing by, and acting under, state authority; but what it could do, was proposed to be done by the provision of the deposit law above quoted. As a more direct, and much more efficient movement, a very general and vigorous effort was made by the states and the people, to exclude from circulation bank notes of a less denomination than five dollars; and several states, whose banks had, therefore, been authorised to issue notes of the denominations of one, two, and three dollars, took from them that authority, while the banks of several other states had either never possessed that authority, or had been deprived of it at a previous period. The progress in this attempted reform of the currency was materially retarded by the fact that all the states did not enter into and act upon it, so as to restrain the issues of small notes by their banks, and that the banks of the British provinces upon our north-western boundary continued to issue small notes, which found a more or less extended circulation in the contiguous states of the Union. Still the advance towards an entire metallic circulation for all sums below five dollars was as rapid as, in the then situation of the country and the banks, could reasonably have been expected; and additional states were taking measures for the gradual exclusion of the small notes of their banks, when the suspension of specie payments, with very few exceptions, by all the banks of all the states, in May, 1837, arrested the salutary improvement.

The suspension was, to every practical extent, perfect. The banks, as a general rule, did not pay specie upon any denomination of their notes, or to any class of their creditors. An unavoidable consequence followed. All the coin in circulation, the most of which had been put in circulation by the policy and measures before adverted to, was either gathered into the banks, not to be again given out for the circulating currency of the country, or was hoarded by private holders, to whose minds the suspension had communicated a feel-

ing allied to panic, inclining them to treasure up all they had which was money, precisely in proportion to the diminution of their confidence in the value of that circulating medium which had, therefore, represented money, but could not do so during the continuance of the entire suspension of specie payments by the banks. Hence either an absence of any medium for business transactions under five dollars, or the worst of all media which an enlightened public feeling could tolerate, soon became, in many sections of the Union, an evil of the first magnitude, and one against which the interference of the state legislatures was commandingly invoked. In obedience to calls of this description from a suffering constituency, the legislatures of several of the states, which had adopted and prosecuted the policy of substituting the circulation of coin for that of small bank notes in the minor pecuniary transactions of society, felt it to be their duty to retrograde in their action, and again to confer upon their banking institutions the power to issue, and the right to circulate, notes of the denominations below five dollars. In some cases this change of policy, in the action of the states, has been made general and unlimited; while in others, as the committee think more wisely and fortunately, it has been made temporary, and adopted with an evident design, not to abandon the policy, but to meet the particular grievance, and, that being obviated, to return to those sound measures which, as permanent regulations of law, cannot fail to have a most salutary influence upon our currency generally, and especially upon the interest of the poorer, and by far the most numerous classes, in its soundness and reality.

Still the committee suppose that nearly all the banks in many entire states have, in obedience to, and in conformity with, this change of policy in the legislative action of the states under whose authority they exist, violated the restriction imposed by the clause of the deposits law of 1836 last, above quoted, and thus put it out of the power of the fiscal officers of this government to receive any of their notes in any payment to the United States while that restriction remains in force, and without modification. Under such circumstances, the committee are not prepared to say that this provision should be so rigidly adhered to as to perpetuate the exclusion of the notes of these banks from the public receipts, while the notes of other banks, no more safe, are received. Such a rule would not aid the policy which the committee earnestly advocate, of giving greater stability to our paper circulation, but would merely establish an invidious discrimination between the different local banking institutions, founded, so far as they can discover, upon no defensible principle. Had these violations of the restriction imposed by the deposits law been entirely voluntary on the part of the banks; had no suspension of specie payments, and no consequent derangement of the whole paper currency, intervened; and, even under these pressing inducements, had not the interference of the legislatures of the states authorized the violations, and, in some cases, at least, rendered the issue of the small notes almost, if not altogether, a duty in the estimation of the surrounding community, the committee would be the last persons to suggest even, much less to recommend, the remission of the penalty which this law of Congress imposes upon the act.

After what has been said, it will not be expected that the committee will yield to "the expediency of repealing those provisions of the said act which prohibit the receipt in payment of debts and dues to the United States of the bills of all banks which issue bills of less denomination than five dollars." This would be to yield the sound and salutary policy which the provisions were designed to carry out; one of the last things, in

the administration of the affairs of this government, which the committee are disposed to surrender. While the benefits of a sound and stable currency are so loudly demanded by all parties and all interests, and while the committee know and feel that a greater infusion of coin into the circulating medium of the country is the safest mode of reaching that great and good result, they cannot become parties, much less agents, in a course of legislation which shall surrender the first step towards a consummation so ardently desired by all. They, therefore, give their opinion against a repeal of this provision.

It remains to consider what modification can properly be adopted to meet the case, and not weaken the great principle contended for. That, in the opinion of the committee, is a proposition of easy solution. The legislation of several of the states, to which reference has been made, furnished a precedent which Congress can safely follow. A postponement, so far, of the operative limitation of the provision, as to relieve the banks from the exclusion caused by former violations; the fixing of another day, beyond which, if they shall again cease to issue notes below the denomination of five dollars, their notes may be received in payment of the public dues, will effectually cure the evil complained of; place the excluded banks, so far as the legislation of Congress is concerned, upon the same footing with their neighbour institutions, and preserve the policy of the law, in no other respect impaired than as to the time when that policy shall become practice.

The committee cannot, in justice to their own feelings, fail here to notice that many of the excluded banks have been among the first in the country to resume specie payments; that their issue of notes under the denomination of five dollars was a measure believed, not by those interested in the banks simply, but by the community within which they are located, to be in direct aid of a speedy resumption by the institutions which made the issues; and that the effect of those issues, under the circumstances of the case, and in the then condition of the currency, is still thought to have been salutary upon all interests, public and private. These are circumstances, which, as it seems to the committee, cannot escape the attention of Congress in deciding upon the propriety of the suggested modification of this provision of the deposits law of 1836.

Still the question is one connecting itself with the general subject of legislation, covered by the bill upon which, as has been before remarked, the senate has acted during its present session, and which bill has been, long since, sent to the house of representatives for the concurrence of that body. When that bill shall be acted upon, the committee believe that an amendment, to the effect they have suggested, will be proper and expedient; and as they have abundant evidence that the attention of that body has been repeatedly and expressly called to this particular point, they have no reason to doubt that it will receive the required modification there, in case the judgment of the house, upon the propriety of its adoption, shall agree with that which the committee entertain and express.

They believe it, therefore, inexpedient that any independent proposition to accomplish this object should, at the present time, be originated in, or acted upon, by the senate. Should the bill referred to be rejected by the house, or should it be returned to the senate without the amendment suggested, in either case the modification may be originated and passed as an independent bill, without material consumption of time, in relation to the business of this body, while its adoption by the other, in the manner here suggested, will save the time and forms of independent legislative action. For these reasons the committee return the

resolution to the senate, without any proposition for the present action of the body upon any one of its suggestions.

Reported for the Journal of Commerce.

SUPERIOR COURT, JUNE 28.

JUDGE TALMADGE, Presiding.

The Bank of Ithaca vs. Stephen Potter & Co.

This was an action on a promissory note made by the defendants in favour of T. S. Townsend for \$1250, dated November and December, 1837.

The defendants made the note for the accommodation of Lyman Taylor, who told them that he intended to get it discounted by Stephen Hendrickson, at an eastern bank, and apply the proceeds in payment of some of his liabilities. When getting the note from the defendants, Taylor offered to give them other notes as security, which they then said was unnecessary, but Taylor subsequently brought them notes drawn by Townsend and endorsed by Thaddeus Spencer, which they retained and got discounted at the Bank of Albany, but these notes were never paid.

Taylor gave the defendants' notes to Hendrickson to get them discounted, as he had told the defendants it was his intention to do; but Hendrickson instead of getting it discounted at an eastern bank, parted with the note in some other way, but to whom, or on what terms, did not appear; and it afterwards found its way into the hands of Ansel St. John, who got it discounted in the Ithaca Bank, of which he was president. The note was sent from Ithaca to a bank in this city for collection and protested for nonpayment.

For the defence, it was alleged that the note was made by only one of the partners, and on account of a transaction which had no connection with the business of the firm. This point of the defence was, however, relinquished. It was next alleged that the note had never been discounted at the Bank of Ithaca, and in proof of this allegation was urged the circumstance of the note not having on it the name of St. John, the president of the bank, whom the plaintiffs said had got it discounted in the bank. The fact that Hendrickson's name was not on the note was also urged as showing that the Bank of Ithaca had not come by the note in due course of business. In order to prove that the note was discounted by the bank, the cashier testified that he saw the entries of the note, on the bank books, and that it was sent to New York for collection, and that he saw it after it was returned. He could not positively swear that he saw it before it came back from New York, but his impression was that he must have seen it when he was comparing the notes in the bank with the bank books.

The court charged the jury—That as that part of the defence was not insisted on which alleged the note to have been made for other business than that of the firm, the jury were to consider that if either of the parties were liable for it, they were both so. It had been alleged that no consideration had been given for the note, but Taylor did give two notes for the note in question, and therefore there was a consideration given for it. This, however, was a matter of no great importance. The question turned on other matters.

Assuming that the defendants' note was valid, and that Taylor could sue them for it, still it was a question whether the plaintiffs can recover. The note was put into the hands of Hendrickson to get discounted, and he was directed to apply the proceeds in a certain manner, and with the understanding that he was to do so, Taylor put the note in his hand and heard no more about it. It appears from the testi-

mony of Taylor that the note was diverted from the purpose he intended, and put into circulation by Hendrickson, and went into the Ithaca Bank. It thus appears that the note was fraudulently put into circulation, in violation of Taylor's stipulation with the defendants. But although the note may have been fraudulently put into circulation, it stands good in the hands of a person who has given a bona fide consideration for it. The Bank of Ithaca are the holders of it now, and claim its amount as bona fide holders, who have given a valuable consideration for it. Has then the Bank of Ithaca given consideration for the note? That depended upon the testimony of the cashier, who said that he had no personal knowledge of its being discounted. There were, however, various modes of discounting bills at different banks. Sometimes discounts were made by the directors, sometimes by the cashier, and sometimes by the president. And if a note is offered to the president or cashier for discount, and by his or their order passed to a person's credit, that note is discounted. In the present instance the note was discounted by the president who had authority to do so, and although the cashier did not know it personally, he saw it entered in the two books of the bank, and stated that one of the entries was in the handwriting of the president, and the other in that of the book-keeper. But the president is not competent to be a witness, as he is a stockholder, and therefore cannot be examined to show that he discounted the note.

The president's name is not on it, and this circumstance, as far as it goes, raises the question, was the note discounted at the bank? and the defendants were entitled to have this circumstance considered. In general, the person who brings his note to a bank for discount, is a party to the note, but sometimes it is not so. But it would be carrying things too far, to say that this note was not discounted, merely because St. John's name is not on it. From all these circumstances the jury were to say whether the note had been discounted at the Bank of Ithaca, for if it was, and passed to the credit of St. John, then the bank had given a valid consideration for it, and the fraud of Hendrickson in putting it into circulation could not be visited on the bank. If, therefore, it had been discounted by the Bank of Ithaca, they were entitled to recover, but if St. John had only pretended it had been so discounted, then the bank had not given a good consideration for it, and the defendants were entitled to a verdict.

Verdict for the plaintiffs, \$2500.—This sum includes another note of the same kind, for \$1250, which the bank held under similar circumstances, and which the parties agreed should be decided by the issue of this trial.

The Quincy Stone Bank, vs. Coolidge & Lambert.

This was an action on a note made by the defendants in favour of Benedict & Co. for \$600, and which passed into the hands of Hozier H. Flanders, and who got money borrowed on it from the cashier of the Quincy Stone Bank. The note was presented to the cashier for discount by Flanders, and the cashier lent money on it, pending the meeting of the directors of the bank. Before they met Flanders failed, and the bank refused to discount the note.

Counsel for the defence stated that the object of the defendants in putting off the payment of this note was to avoid any consequences which might result from an attachment which had been obtained against the note by the creditors of Flanders, who had served notice on defendant not to pay it.

This attachment was therefore set up in defence, and also that it had not been shown that the bank was

duly incorporated, as it was a condition of their incorporation that a certain amount of capital stock should be paid in within a certain period, and no proof of that had been produced on this trial. It was also alleged that the bank was not the owner of the note, and had no right to sue for it.

On the part of the plaintiff the act of the legislature of Massachusetts incorporating the bank was produced, and also some of the bank's bills at present in circulation. It did not appear from the act incorporating the bank that its incorporation was at all conditional.

The court charged the jury, that when a legislature incorporated a bank on certain conditions, it might be a question for the jury to decide whether those conditions had been fulfilled, but such was not the present case. Evidence had been given that the corporation was in operation, and the jury must therefore assume that it is a corporation.

The two remaining grounds of defence were, first, that the plaintiffs are not owners of the note, and secondly, that there is an attachment which has a priority over their claim. As to their being owners of the note, if the cashier was concerned in giving cash for the note, whatever right he acquired by doing so, he can sue for them in the name of the bank. The law allows you to prosecute a suit of this kind in your own name or the name of any other person who allows you to do so. If you have a note due you, you can sue for it in the name of a bank, and although it be shown that the bank has no interest in it, that cannot prevent a recovery, and consequently the cashier of a bank can do so. But in the present case it appeared that Flanders went to the bank and got money on the note from the cashier, and the court considered that this money belonged to the bank, and therefore, if the cashier gave money on the note, the bank has a right to sue for the whole amount of the note, and when it recovers it, it may take what is due to itself, and keep the remainder for whoever it belongs to. Therefore whether the money was given by the bank or the cashier, the bank can recover the whole amount of the note.

It is said on the part of the defence that there is an attachment which fixes the title of the note in Flanders' creditors. If the attachment was taken out before the note was passed to the bank or to the cashier by Flanders, they had no right to take it. The defence, however, has not proved that the attachment was issued before the note was passed to the cashier. The note is dated the 26th of July, and if the attachment was not issued until the 17th of August, it is therefore presumable in law that the bank received the note before the attachment was issued. But there is another answer in relation to the attachment. It could not take effect against any person until it had been published in the newspapers, and there is no evidence whatever of publication. And if Flanders passed the note before the publication of the attachment, the defence fails.

Verdict of the plaintiffs \$600, being the amount of the note.

For the plaintiffs, Mr. O'Connor. For the defence, Mr. Dresser.

FINANCES OF PENNSYLVANIA.

From the National Gazette.

The Pennsylvania papers opposed to Governor Ritner have of late, since his nomination for a re-election, enlarged very much on the wasteful expenditure of his administration, and the increase which it has added to the state debt. The absurdity of the charges is obviously shown by the following statement in the

Harrisburg Telegraph. It is a "Table showing the annual receipts and expenditures, and the amount of the state debt, and balance in the treasury, at the end of each year, for the last nine years; which comprises the last year of Governor Shulze's administration; the six years of Governor Wolf's, and the two years of Governor Ritner's administration; compiled from the State Treasurer's and Auditor General's reports to the Legislature, for the years therein mentioned."

The fiscal year, it will be recollected, ends on the first day of November in each year. Governor Ritner was installed into office in December, 1835; consequently the reader will be able to judge, by an examination of the annexed table, of the truth or falsity of the above charges.

Years.	Receipts.	Expenditures.
Dec. 1, 1829,	3,610,338 02	3,624,777 51
1830,	6,331,449 31	6,357,394 50
Nov. 1, 1831,	3,033,978 57	3,058,926 54
1832,	4,594,989 22	4,602,204 88
1833,	4,047,050 62	3,796,794 48
1834,	4,876,743 05	5,190,079 15
1835,	3,273,533 21	3,131,860 31
1836,	3,804,642 54	3,675,638 71
1837,	6,669,276 47	4,173,940 26

Years.	Balance in Treasury.	State Debt.
Dec. 1, 1829,	175,375 98	8,327,849 31
1830,	149,430 79	12,310,020 48
Nov. 1, 1831,	124,482 92	14,217,556 01
1832,	117,167 16	17,405,628 64
1833,	367,423 30	20,298,431 88
1834,	54,092 20	23,448,747 05
1835,	195,795 10	24,955,435 56
1836,	324,799 53	24,756,812 30
1837,	2,220,135 74	24,921,324 74

In addition to the above, it may be proper to state, that Governor Ritner has already paid off, within the present year, near three hundred thousand dollars of the state debt.

BANK CONVENTION.

Philadelphia, July 23d, 1838.

At a convention of delegates from the banks of Maryland, Delaware, Pennsylvania, and Missouri, held this day at the Bank of Pennsylvania, in the city of Philadelphia, John B. Morris, Esq. of Baltimore, was appointed president, and Elihu Chauncey, of Philadelphia, secretary.

The following communication from the committee of banks in the city and county of Philadelphia was read.

The undersigned, a committee authorized by the associated banks of the city and county of Philadelphia, to invite the banks of Boston, Providence, Baltimore, and Richmond, and such others as the time admits of, to meet the banks of Philadelphia, in convention in this city, on Monday the 23d of July inst., to consult upon the measures to be adopted for an early and simultaneous resumption of specie payments.

Report, That in compliance with the foregoing instructions, a copy of the resolutions and an invitation to meet this convention were immediately transmitted to the cities enumerated above, to all the banks of Pennsylvania, to Connecticut, to Delaware, to Charleston, and to several of the western states, from whom communications had been received on a former occasion. Answers having been received from Boston, Providence, Norwich, Baltimore, Winchester, Richmond, Lexington, Ky., Pittsburg, and other parts of Pennsylvania, are hereto annexed. From this correspondence it will be seen, that all the banks consulted have concurred in

the opinion that their respective institutions, whether actively represented in this convention or not, will cordially co-operate with the banks of Philadelphia, and assent to such period as shall be selected by the convention for the resumption of specie payments.

(Signed) THOMAS DUNLAP,
WM. D. LEWIS,
H. F. HOLLINGSHEAD,
CHARLES S. BOKER,
ELIHU CHAUNCEY,
Committee.

The communications from banks in Massachusetts, Rhode Island, Connecticut, Virginia, and Kentucky, referred to in the above report, were read; and the convention decided that the letters from the banks of those states to the chairman of the above committee, are sufficient to authorise him to vote in their behalf on the questions which shall come before this convention.

On motion made and seconded, it was decided that the vote on all questions in this convention shall be taken by states, each state having one vote.

The following resolution was offered by Joseph Bailey, Esq., President of the Bank of Delaware, and seconded by Mr. Chauncey of Philadelphia.

Resolved, That the banks represented in this convention will resume specie payments on the 13th day of August next, and recommend that day for the resumption by the banks generally.

This resolution being under consideration, Mr. Evans, of Baltimore, moved that the word "thirteenth" be stricken out, and the word "ninth" inserted in its place. The motion being seconded by J. Smith, Esq., President of the State Bank of Missouri, the vote was taken on striking out, and decided in the negative. Those voting for the motion were Maryland and Missouri, 2; and those voting against it were Pennsylvania, Delaware, Virginia, Massachusetts, Connecticut, Rhode Island, and Kentucky, 7.

The question being then taken on the resolution, as offered by Mr. Bailey, it was unanimously adopted.

On motion it was ordered that the proceedings of this convention be published, and communicated to the banks generally through the United States.

Attest, JOHN B. MORRIS, President,
ELIHU CHAUNCEY, Secretary.

RESUMPTION OF SPECIE PAYMENTS.—The Richmond Enquirer publishes the Proclamation of Gov. Ritner, enjoining resumption on the Banks of Pennsylvania; and, as well as ourselves, "considers the question as settled." The Enquirer says:—"There is no doubt now of resumption." According to that paper, "It will take place in Philadelphia in a few days, and will gradually spread to the south and west." The Wilmington, N. C. Watchman declared even before the Proclamation, that the banks of that city were preparing to resume specie payments on the 1st of August. "The Baltimore papers (adds the Enquirer) have just published an exhibit of the banks of that city, which tends to remove every fear about their resumption."

From the Enquirer we further learn that "the banks in Richmond mean to decline the invitation, which has been addressed to them, to attend the sub-convention in Philadelphia on the 23d inst. They will probably notify them by letter of their anxiety to resume, and their willingness to join in any measure which may facilitate the resumption at the earliest possible day."

Thus, in our view, we shall have, not a "gradual," but a simultaneous resumption of specie payments throughout the middle states, the west, and at least a portion of the south, by an early day in the ensuing month of August.—*Baltimore Patriot*.

FOREIGN NEWS.

LIVERPOOL, June 22d.—Cotton.—There has been a fair demand for cotton during the week, and the market occasionally very firm, and full prices obtained for most descriptions, but it does not close in this state; it has, during the last two days, been rather heavy, notwithstanding the favourable advices as to money matters and business generally in the United States. Prices of American close rather in favour of the buyer for most qualities, and we made some slight alterations in the quotations in conformity with actual sales. Sales of the week, 39,710 bales, of which 2000 bales on speculation, and 1500 for export. Import 81,047 bales, exclusive of nine vessels not reported. Current prices.—Upland, 5½ a 8½d.; Alabama and Mobile, 5½ a 8½d.; and New Orleans 5½ a 9d.

July 2.—The demand has been moderate, and we have scarcely any change to notice in prices, though the ordinary to fair qualities of American are rather heavy at last week's prices. The transactions amount only to 14,120 bales, and comprise 140 Sea Island at 20 a 32d., with 30 stained at 7½ a 10d.; 4900 Bowed 5½ a 7½d.; 1800 Mobile, Alabama, and Tennessee, 5½ a 8½d.; 4630 Orleans 5½ a 9d.; 610 Pernambuco, Paraiba, &c. 8½ a 9d.; 220 Bahia and Macao 8½ a 8½d.; 130 Maranhão 7½ a 9½d.; 20 Peruvian 8½ a 9d.; 30 Lagaira 8½d.; 400 Egyptian, 9½ a 12d.; 1020 Surat 4½ a 5½d.; 140 Madras 4½ a 5½d.; and 50 Bengal at 8½d. per pound; of which 300 bales American are on speculation, with 400 American and 50 Bengal for export. The sales to-day amount to 4000 bags, including 500 on speculation and 200 for export. There is no alteration in prices since Friday, the market being perfectly steady. The sales comprise 400 Surat at 4½d.; 200 Pernam. 8 a 9½d.; 50 Maranhão 9d.; 30 Bahia 9½d.; 70 Egyptian 10 a 10½d.; and 3250 American, 5½ a 7½d. On Saturday 2000 bags were sold.

July 4th.—The sales yesterday amount to 1200 bales, at previous prices.

LONDON, Wednesday July 4, [Bankers' Letter].—New York state stock 5 per cent. 1845, 92½ to 93; do. 1850 to 1860; 94 to 94½ New York city; Penn. 5 per ct. 1862 to '5, 95 to 96; Ohio 6 per ct. 1856, 100 to 101; Maryland 6½ 1870, 99 to 100; Virginia 6½ 1844 to '57, 95; Louisiana sterling Bonds 5 per ct. 95½ to 97½; Indiana 5 per ct. 1864, 84 to 85; Alabama 5 per ct. 1863, 83 to 84; do. sterling bonds 5 per ct. 1859, 95; Upper Canada sterling bonds 5 per ct. 97. There is but little doing; prices have somewhat receded. United States Bank shares are settling steady at £24 15 a £25, the dividend falling due on the 1st of July calculated at 16s. 6½d. falling to the seller.

There is evidently much anxiety felt as to the extensive operations in corn, and their probable effects on the currency and money markets. It was supposed that the decided tone of the debate in the lords on the corn laws, would have some influence on the prices of grain. No alteration is, however, perceptible this morning in the prices; the only feature is rather large arrivals of foreign corn, which is offered at 50 to 60 shillings per quarter in bond.

Quarterly average of the weekly liabilities and assets of the Bank of England, from the 3d of April to the 26th of June, 1839, both inclusive, published pursuant to the Act 3 and 4 William IV., cap 88:—

Liabilities.		Assets.	
Circulation,	£19,047,000	Securities,	£22,354,000
Deposits,	10,426,000	Bullion,	9,722,000
	29,473,000		32,076,000

Downing street, June 29, 1839.

POST NOTES.—We are authorized to state that the Planters' Bank of this city determined this morning to issue, forthwith, to depositors and holders of their paper, twelve months Post Notes, payable at the Bank of Pennsylvania, Philadelphia, to an amount not exceeding five hundred thousand dollars, which will be charged to their customers and exchanged when wanted, to the holders of their paper *at par*.

We understand that this step has been taken by the board of the Planters' Bank, as well from their own sense of what is due to the creditors of the institutions, as in compliance with the repeated solicitations of some of its best customers.

The object is two-fold,—first, to alleviate the existing oppressive rates of premium on, and extreme scarcity of eastern funds; and secondly, to meet the reasonable wishes of many creditors, by renewing their claims payable at a more convenient point, and in a shape at all times agreeable.—*Nashville Whig, 25th April.*

NAHANT BANK.—We learn that an injunction against the Nahant Bank's proceeding any further in its business was issued yesterday by the supreme judicial court, sitting in this city.—*Lowell Cour., July.*

The town of Moaravia, near Tuscaloosa, Alabama, was destroyed by fire about the 17th inst., every building in it (except a kitchen and hen house), including the church, academy, banking house, post office, and exchange, being swept away as with the besom of destruction. The fire is believed to have been the act of an incendiary, and suspicion has fallen on the cashier of the bank, as it is believed he had embezzled a large amount of the funds in his charge.

An intelligent merchant, just returned from a visit to France, states that the manufacturers of that country are generally well employed, the demand for goods being considerable from the agricultural and commercial portions of France, and from Germany, Russia, and England. The mercantile firms, and the manufacturing that dealt chiefly with the United States, continue to suffer comparative embarrassment and inactivity.—*Newburyport Herald, June.*

The ship *Columbiana*, arrived at New Orleans on the 3d inst. from Liverpool, had on board one hundred thousand dollars in specie for the Commercial Bank of that city.

THE WESTBROOK BANK ROBBERY.—Fifteen hundred and fifty dollars were fished up from the foot of the steamboat wharf in Portland, on Saturday—\$1,350 in bills, and \$200 in gold. It is supposed, by the Advertiser, that there were five robbers, as the above sum embraces about one fifth of the money stolen. The robber probably escaped to Boston in the steamboat of the 2d inst. and fearing detection, threw his money into the water.

The old Bank of Delaware commenced operations in the year 1795, and I have lately received a \$5 note of the bank of that year, and one of its first issue. It has been out of the bank 43 years, and according to my calculation, at 6 per cent. interest, the bank has gained \$12 90. It certainly never was again received by the bank and reissued, nor does it appear as if it had passed through many hands. It is well worth a visit to the bank to see it.—*Delaware Journal.*

The Charleston Mercury states that at a meeting, on the 2d July, of the stockholders of the Bank of Charleston, it was determined to increase the capital stock of that institution, two millions of dollars.

The New York Gazette of 9th July says:—"The subscriptions to the new Mechanics' Banking Association amount to about \$200,000, with which they will commence business. A meeting has been called for Wednesday, to elect twenty-one directors."

SALES OF STOCK AT PHILADELPHIA.

July 30.

\$10,000 Treasury notes, 6 pr. cts.	101	
53 shares U. S. Bank,	120 1/2	100
50 " Mechanics' Bank, 10 ds.	54 1/2	35
18 " Girard Bank,	52 1/2	50
1 " "	53	50
6 " Vicksburg Bank,	84 1/2	
10 " Philadelphia Loan,	23	25

SALES OF STOCK AT NEW YORK.

July 28.

10 shares U. S. Bank,	120 1/2	
225 " Del. and Hudson Canal,	84	
25 " " b. 30 ds.	84 1/2	
225 " " "	84 1/2	
100 " " b. 30 ds.	84 1/2	
50 " " "	84 1/2	
35 " Morris Canal Bank,	69	
6 " New Orleans City Bank,	100	
250 " Vicksburg Bank,	85	
75 " " "	84 1/2	
10 " Ohio Life and Trust,	106	
50 " " b. 30	106 1/2	
25 " Kentucky Bank,	93 1/2	
50 " " b. 30	93 1/2	
55 " " "	93	
10 " N. J. Rail-road,	103	
150 " " "	103 1/2	
100 " " b. 60 ds.	104	
100 " " b. 60 ds.	104 1/2	
50 " " b. 30	104	
25 " Canton Co.	52	

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

July 21.

Bills on London, 60 days sight,	7 1/2 a 8 1/2 p. cent. prem.
" France,	5 25 a 5 27 1/2 fr. p. doll.
" Holland,	39 1/2 a 40 ct. a p. guild.
" Hamburg,	35 1/2 a 35 1/2 ct. a p. m. c. b.
" Bremen,	79 a 79 1/2 ct. a p. rix doll.
" Boston,	par a 1/2 discount.
" Philadelphia,	1/2 a 1/2 do.
" Baltimore,	1/2 a 1/2 do.
" Richmond,	2 a 2 1/2 do.
" N. Carolina,	5 do.
" Charleston,	2 1/2 a 3 1/2 do.
" Savannah,	5 1/2 a 6 do.
" Augusta,	5 1/2 a 6 do.
" Mobile,	10 a 11 do.
" New Orleans,	4 1/2 a 5 1/2 do.
" Louisville,	3 1/2 a 4 1/2 do.
" Nashville,	10 a 12 do.
" Natchez,	14 a 14 1/2 do.
" St. Louis,	8 a 10 do.
" Cincinnati,	3 1/2 a 3 1/2 do.
" Michigan,	10 a 12 do.
" Detroit,	4 a 5 do.
American gold,	7 premium.
do. new coinage,	par a 1/2 do.
Spanish dollars,	2 1/2 a 3 1/2 do.
Carolus do.	5 a 6 do.
Mexican dollars,	1/2 a 1 do.
Half dollars,	par
Five-franc pieces,	93 a 94 cents each.
Doubletons,	\$16 30 a \$16 40 do.
do. patriot,	15 60 a 15 70 do.
Sovereigns,	\$4 85 a 4 90 each.

THE FINANCIAL REGISTER

OF THE
UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."

"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, AUGUST 6, 1838.

No. 6.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 74.)

CHAPTER X.

Objections to the regulation of the bank issues by the foreign exchanges—Necessity of providing for their capability of paying in gold—Private sale of exchequer bills—Objections to the management of the bank in 1825—Statement of the governor as to the general conduct of the bank.

1. OBJECTIONS TO REGULATION OF ISSUES BY THE FOREIGN EXCHANGES.

Mr. Dyer admits, that he is not aware of the system upon which the Bank of England regulate their issues, "except," he adds, "it [Dyer, 4,218] be upon the principle of making the best profit they can for their proprietors. If they have any other principle as their guide, it is not acted upon in time to show its efficacy in preventing ruinous fluctuations in the currency." [4,206.] He ascribes to the mismanagement of the bank all the vicissitudes which have occurred in the mercantile world—the improper enlargement of the country bank circulation, and the variations that have taken place occasionally in the value of money. He says that he could devise a plan by which the country could obtain a better circulation than it has hitherto possessed—a circulation, as it would seem, consisting entirely of paper that would circulate against credits which would not circulate. But of what those credits should consist, he has not explained.

This gentleman expresses his opinion, that if the issues of the bank be made with reference to the exchanges, they are always made too late; but he adds, [4,208.] "I merely know that as matter of belief." A very considerable distinction should perhaps be taken between mere belief and actual knowledge upon a subject of this description.

The witness having been asked whether he thought [4,211] it desirable that the currency should be contracted when the exchanges are against the country, he replied, that much

depended on the state of commerce at the time; but he thought that "a contraction of the currency was not always necessary, and sometimes by no means the best way of preventing the exchanges from going against the country." The question assumes the fact, that the exchanges are already adverse; the answer contemplates the possibility of their becoming so, and asserts, that contraction would not prevent that possibility from being realised. The opinion here expressed is just, but it is no answer to the question. Contraction of the currency tends to raise prices, and of course to render the exchanges unfavourable. But when the exchanges are against the country, the bank must draw in, unless they wish to purchase gold at a high price and issue it at a low one.

Mr. Dyer was asked, in what mode the exchanges [4,212] could be rectified when they were adverse. "I take for granted," he replies, "that in all cases when the exchanges are against the country, there is a profit upon the exportation of gold." This is a truism; for, if there were no profit upon the exportation of gold, the exchanges must either have been favourable or at par. "If there appears," he adds, "to be a profit upon the exportation of gold, it is because there is not a sufficient demand for our manufactures." This is another truism; for, if there were a sufficient demand for our manufactures, the balance of payments, and, of course, the exchanges, would necessarily be favourable to this country. "If there be a general confidence," he proceeds, "throughout the country, in the paper circulation which then actually exists, there will be no run for gold, except for exportation." Here is a third truism; for, undoubtedly, if the circulating paper be fully accredited at home, nobody will think of converting it into gold, who does not require the coin for his foreign remittances. "In this case," the witness continues, "the same cause that led to the exportation of gold,"—which cause, as we have already seen, is the want of a sufficient demand for our manufactures, or, in other words, "the cheap rate at which bills of exchange on London from abroad

could be obtained,"—"would afford a proportionate extra profit on our manufactures in foreign countries, and, of course, would lead to a greater demand for them and other merchandise for exportation." That is to say, at a period, when, by the hypothesis, there is not a sufficient demand for our manufactures, they may, nevertheless, be sold at a profit abroad, and by that sale, a still greater demand may be created for other merchandise for the purpose of being sent to foreign countries! I am not aware of any rules of logic by which this kind of reasoning can be rendered consistent.

Mr. Smith appears also to be of opinion, that the bank, with reference to their circulation, do not take notice of the exchanges soon enough.* [Smith, 4,536.] He says that "they look on passively till they have seen the gold going out of the country. There is [4,540] then a demand upon them for gold, and they look to their coffers. If they are not well supplied, they diminish the quantity of notes which they have in circulation, in order to prevent those notes from coming upon them to be paid in gold."

Mr. Gurney expresses it to be his conviction, that the fluctuations which have occasionally arisen in the currency are to be ascribed partly to causes beyond the [Gurney, 3,490] control of the bank; but he thinks that they have [3,491] taken steps occasionally for the specific object of increasing the amount of their circulation, by advances on mortgage, by the purchase of exchequer bills, and by opening their doors out of the regular course for the discount of commercial paper. Those fluctuations, though disadvantageous to some, are, he thinks, by no [3,492] means prejudicial to all. Variations in the value of money are not necessarily detrimental at all times to all persons engaged in commercial transactions. [3,493.] They may occasionally have the effect of rendering commercial speculations uncertain in their result, and of substituting a spirit of gambling for that of regular trading, but less so than is generally presumed to be the case. This witness sees no necessity for taking any steps with a view to diminish the fluctuations in the value of money; and he entertains great doubt whether any such measure is possible. [3,495] Since the peace, the alterations in the value of money (in its rate of interest) have not been very extensive, with the exception of one [3,496] or two instances, which occurred under peculiar circumstances. Such fluctuations, he in-

sists, [2,598,] or rather fluctuations to a greater extent, must take place, even although there were no paper circulation.

Mr. Easthope [5,799] does not subscribe to the opinion, that it is sufficient for the bank directors to regulate their conduct by a regard to the foreign exchanges. He thinks that this should be the last, and not the first stage to which they ought to look; and that, if they wait for its arrival, they will probably, in the mean time, occasion the ruin of an immense number of individuals. His impression is, that the bank ought to regulate their issues in a considerable degree by the amount of their deposits. The largeness of those deposits for many years ought, he thinks, to have been viewed as evidence of a redundant currency; the bank ought to have acted accordingly, and have abstained from making any advances which would have the effect of excessively increasing the circulation. When their deposits are accumulating, [5,803,] they ought to contract, considering the fact as a sign of superabundance; but when they are diminishing, the circulation is increased by the action of drawing out, and therefore it does not follow that the bank should then also take other means to expand the currency. On the contrary, it might then likewise appear necessary for the bank to contract, in order to prevent any ill effect from the increase occasioned by the drawing out of the deposits.

[5,807] Generally speaking, Mr. Easthope continues, a redundant currency leads to a fall of the foreign exchanges. In governing themselves by the consequence, they may not have overlooked the cause; but in so governing themselves entirely, [5,808,] they delay their controlling check too long. The witness, however, admits that the whole of this subject is attended with great difficulty in practice. He differs with Mr. Rothschild in thinking that the foreign loans produce little or no effect upon the exchanges. His impression is, that those operations increase considerably the difficulty of foreseeing the state of the exchanges, [5,809,] and although he does not go so far as to say that speculation upon the probability of their rising or falling would be dangerous as a rule for the management of the issues of the bank, [5,810,] nevertheless, he acknowledges that it would be unsafe to lay down any one principle, and rigidly to adhere to it in a case of so much perplexity. "That," he adds, "which may [in theory] appear probable to take place at a future period, may in practice be prevented by the intervention of some other cause."

If the course of conduct which the bank profess to have observed, as to regulating

* "The bank, for several years, have always looked very narrowly at the state of the foreign exchanges."—Norman, 2,392.

their issues strictly by the state of the foreign exchanges, be a safe one for themselves, Mr. Easthope contends that they ought to [5,812] begin at an earlier stage, for the sake of the public. He admits, that as the system now stands, [5,855,] they must of course look at the exchanges. But if, when they perceive a large quantity of unemployed circulation, by the amount of their notes returned to them as deposits, they take no notice of it till those notes are drawn out, and the exchanges are turned very much against this country by the speculations which have so drawn out the deposits; they will thus, he concludes, by suddenly contracting the circulation for their own safety, ruin the speculators without notice, and the people engaged with them.

[5,813] It is true that deposits placed in the bank by the payment of their own notes diminish *pro tanto* the amount of their circulation; that they are right in considering deposits as a part of their liabilities; and that the use of the money committed to their custody forms a legitimate source of profit to banking establishments in general. But Mr. Easthope is of opinion, that when the deposits of the Bank of England are increased, they ought not to restore their circulation to the same amount as it was before. Such a course he would deem unsafe, [5,817,] with reference to the stability of the institution. There is no doubt that they might employ [5,816] their deposits either by the discount of bills, or by the purchase of government securities, if the only object were to make money. But the Bank of England ought to take into account, whether, by that employment, they should be able to sustain their credit, if it were to be put to the test by any extraordinary circumstances. "That sort of employment of the deposits with banks which is proper on the part of other bankers, is entirely improper and unsafe to the public on the part of the Bank of England, and creates an amount of danger that is incalculable."

II. NECESSITY OF PROVIDING FOR CAPABILITY OF PAYING IN GOLD.

Mr. Easthope's great objection to the present system of the bank is, that they choke themselves up with securities, of which they cannot avail themselves in case of need. If they could, indeed, employ their money in securities immediately convertible, then, of course, the objection would be removed. But it is difficult to say [5,818] of what such securities should consist; for in time of great pressure, as, for instance, in the latter part of 1825, money could not be got for exchequer bills, [5,824,] India bonds, or stock. At such

a time, [5,829,] commercial bills of exchange would be the best securities, because they expire as matter of course on a fixed day. The bank, if managed with safety to the public interests, [5,827,] should be contented with small profits; they should not use their fluctuating deposits, as other bankers are necessarily obliged and fairly entitled to employ them; but should have a special reference to their capability of paying in gold when called upon.

We have seen that one of the rules prescribed for the management of the bank, is never to increase the sum total of the securities in their hands, but to keep them as nearly as possible at the same amount. Mr. Easthope states, [5,828,] that this rule is one mode of providing for the capability of the bank of paying in gold when it is demanded. But a still more effectual mode for attaining that object would be, an increase of the store [5,831] of bullion in proportion to the increase of the wealth of the bank. Such a regulation as that, though it would diminish the profits of the establishment, [5,832,] might be fairly claimed by the government; it would remedy one of the evils of the present system. Another of those evils would be greatly mitigated, if the bank would invest whatever funds they may have for that purpose more in commercial bills, and less in public securities. [5,838.]

III. PRIVATE SALE OF EXCHEQUER BILLS.

Mr. Easthope also thinks, that whenever the bank are desirous of contracting their circulation by a sale of exchequer bills, [5,965,] that sale should be conducted openly, and the object of it declared. At present, he says, [5,966,] "we are led to conjecture that," when about to dispose of such securities for that purpose, "they are obliged to send them into the market by all sorts of private contrivances, [5,969,] and this constitutes one of the objections I have to the Bank of England management. Here are twenty-four gentlemen, all connected with mercantile interests, who find it necessary, from their knowing, as bank directors, more about those interests than any other persons in London, to contract the bank issues; and they then invent various private modes of doing so. This we have been led to imagine, but, whether true or not, I do not know; it is a report that has prevailed, that exchequer bills have been sold with such great privacy, that it has not been known, even in the market, that they were the exchequer bills of the Bank of England. I consider it objectionable, that any twenty-four gentlemen connected with commerce should

have in their sole possession the government and knowledge of circumstances which must pervade all interests, and regulate the value of all property. I consider that every man, with common diligence, and with the common means of information, should have the same power of obtaining information about that which is connected with, and regulates the value of his property, as those seven or eight out of the twenty-four gentlemen connected with the bank direction, who form the committee of treasury of the Bank of England. And all the means of information I possess [5,960] would lead me to conclude, that, in reference to that particular point, my opinion is a general opinion."

IV. OBJECTIONS TO THE MANAGEMENT OF THE BANK IN 1825.

With reference to the conduct of the bank during the panic in 1825, Mr. Easthope says, "I believe that nobody ever described it so well as Mr. Tierney. My opinion is this, [5,968,] that having set the house on fire by their mismanagement, they then did all they could to extinguish the flames, in order to prevent its destroying themselves. I want more information, but, as it is, [5,969,] I have pretty strong grounds. In the first place, I am fortified by the fact, of every body who is held to be of authority unconnected with the bank entertaining the same opinion. In the next place, it was obvious to us all, that the bank, when the world was mad, and all sorts of ridiculous speculations were entered into, instead of discouraging them, and pulling up with a gentle curb, rode with a spur. They issued their notes upon mortgage; they advanced their notes upon stock; they had previously advanced very largely to the government, to enable them to reduce the rate of interest, and also were making large payments upon the dead weight scheme—such was their course. At a time when they ought to have anticipated the effect of so large an issue in every shape and form, they kept on increasing their issue obviously in the ways I have stated, till their own credit was endangered, and then, it is very true, they pulled up with a vengeance."

V. STATEMENT OF THE GOVERNOR.

As a general answer to these and other objections of a similar nature, [Rep. p. 69,] the governor of the bank submitted to the committee the following memorandum.

"The reports of the committees of parliament of 1797, 1810, and 1819, are before the public. Whatever faults were committed prior to those respective periods, they were more

the acts of the government than the bank, by forcing upon the latter exchequer bills, in opposition to the repeated remonstrances of the directors of the bank.

"By the resolution of the house of commons of 1819, the bank were required, within four years, to pay off in gold the amount of their one-pound notes then in circulation (about 7,500,000*l.*); further, to provide the coin for paying off the country small notes in 1825, (about 7 or 8,000,000*l.*); in addition to which, the necessity was imposed of providing the requisite surplus bullion for insuring the convertibility of all their liabilities; which addition of bullion to their then stock could not be estimated at less than 5,000,000*l.*, making, in the aggregate, 20,000,000*l.* of gold, as necessary to be procured from foreign countries within the space of four years from 1819.

"That supply of gold could only be purchased by reduced prices of commodities, the bank withdrawing a given amount of securities in the first instance, the notes for which might be re-issued in payment of the gold as imported. The low prices and general state of trade from 1819 to 1821, and the withdrawal of the bank's securities, enabled the bank to cancel their small notes in the latter year; and in that following (1822), three years prior to the time fixed by parliament, they were in a situation to furnish the gold for paying off the country small notes, when, without any communication with the bank, the government thought proper to authorise a continuance of the circulation of the country small notes until 1833. The consequence of that measure was, to leave in the possession of the bank an inordinate quantity of bullion (14,200,000*l.* in January 1824), and further to afford the power of extension to the country bankers' issues, which, it is believed, were greatly extended from 1823 to 1825.

"Notwithstanding that vacillation on the part of government in 1822, and the events which followed, the bank took no measures, from January 1822 to April 1824, to increase their circulation; the increase at the latter period was forced from the bank by the increased amount of bullion held in 1824 over that of 1822.

Bullion.		Circulation.	
April 1824,	£13,800,000	April 1824,	£19,300,000
Jan. 1822,	11,700,000	Jan. 1822,	17,700,000
Increase	2,100,000	Increase	1,600,000
Being less by £500,000 than the increase of bullion.			

"Between January 1822 and October 1824, the bank only invested in securities the amount of deposits which had accumulated in their

possession during that period, viz. six millions and a half; they had, in February preceding, in order to facilitate the reduction of the four per cent., engaged to pay off, in October 1824, the dissentients, under a stipulation that such advances should be re-paid by quarterly payments from the sinking fund of 500,000*l.* each. This latter engagement was made when the bank held an inordinate stock of bullion, and while the exchanges were in favour of the country; and it was not until the 18th November, 1824, that any direct evidence was afforded to the contrary. In consequence of the advances made to pay the dissentients in October 1824, the issues of the bank were increased, in January 1825, to the extent of 1,300,000*l.*, which advance was the only amount of increase of circulation with which the bank can be charged, but which was justified by the bank then holding an amount in bullion very nearly equal to one third of its total liabilities.

"During 1825, the bullion exported, from January to November, extended to seven millions, and which, of itself, effected every degree of contraction, through the bank notes and deposits, which could be reasonably required or endured by the public. The inconvenience finally sustained towards the close of that year arose entirely from the discredit of the private bankers' circulation, which caused a demand upon the bank for coin to the extent of two millions and a half.

"Whatever charges may be made against the bank for investments in mortgage and dead weight during the period referred to, it is to be remarked, that the advance of the first did not extend to more than half the surplus profit of the bank, which in no way interested the public; and further, that neither the amount advanced on mortgage, dead weight, nor any other securities, exceeded the deposits which had accumulated from January 1822 to October 1824. It is further contended, that there can be no more eligible mode of investing a portion of the assets held by the bank than in an annuity, which is constantly upon the return: the shorter the period of the annuity, the more eligible for the bank's object.

"Since 1826, no objection has been made against the management, except such as may have arisen from the establishment of branch banks.

"Let the objects of these establishments be considered, as regards solidity and regulation of the paper money, upholding upon the spot the credit of the country banking and internal commercial interests, the opening of the London market rate of interest to the

country capitalists, and, lastly, the increased security to the bank, in the diminution of the risk arising from internal discredit."

With a view to meet still more strongly the charge made against the bank, of contributing to the excitement of 1825, a note* has been inserted in the appendix, setting forth their circulation, deposits, securities, and bullion, in February 1822 and August 1824, the period in which the excitement of the following year was produced, from whatever cause, or combination of causes, it arose.

* 1822.		
Feb. 28, Circulation,	.	£18,665,350
Deposites,	.	4,689,940
		<hr/> £23,355,290
" 1824.		
Aug. 31, Circulation,	.	£20,134,120
Deposites,	.	9,679,810
		<hr/> £29,811,930
" 1822.		
Feb. 28, Securities,	.	£15,973,080
Bullion,	.	11,057,150
		<hr/> £27,030,230
" 1824.		
Aug. 31, Securities,	.	£20,904,530
Bullion,	.	11,787,430
		<hr/> £32,691,960

"Between the above periods, the deposits held by the bank had increased to the extent of five millions, and the bank had only increased their securities to the same amount.

"The circulation was increased between the above periods by the sum of 1,467,000*l.*; but the bullion held by the bank was 780,000*l.* more at the latter period than at the preceding; consequently, the bank can only be responsible for the trifling addition of 737,000*l.*—an amount too unimportant to require notice."

CHAPTER XI.

London Bankers—Nature of their business—Facilities afforded by them to trade—Number of country bankers—Mr. Beckett's bank at Leeds—Mode in which its business is conducted—Effect upon it of the suppression of the one-pound notes—Management of its circulation.

I. NATURE OF LONDON BANKING.

There are fifty-nine private banks in the metropolis, [Q. 3,227,] none of which, for the last fifty years, have issued notes of their own; though it would seem that such of them as consist of fewer than six partners might lawfully circulate their own paper if they pleased. [Loyd, 3,263.] As they act entirely

* It should be observed, that this note is inserted only in the copies of the report re-printed by the bank.

with the Bank of England paper, it is doubtful whether there be any limit to the number of partners of which London private banks may consist. [Glyn, 3,131.] They receive deposits, upon which they pay no interest. The [2,868] system of allowing interest on deposits was formerly tried in London; but the houses that attempted it invariably failed. [2,863.] The deposits held by the London bankers are [3,145] generally composed of very large sums, which are necessarily payable on demand; and hence they cannot be [3,146] made use of to the same extent as those which are intrusted to country bankers, and which, whenever interest is allowed, are usually left with them for a stipulated period. [2,866.] On the other hand, in all ordinary transactions, the London banks charge no commission to their customers. [2,865.]

The London banks, in order to be able to meet their engagements, [2,870,] usually keep a large deposit, nearly equal, [2,874,] perhaps, to half of what they hold in reserve, in the Bank of England; [2,870,] a portion of their current funds they necessarily hold at home in bank paper, and a small amount in gold. Their deposits in the bank they consider [2,877] as so many notes in their drawer, liable to be [2,876] called out by the daily fluctuations in the accounts of their customers. The balances in their hands, often very large, [2,875,] are frequently withdrawn without notice; [2,878, 2,879,] hence their intercourse is almost hourly with the Bank of England, from which they receive every facility.

In order to turn their funds to profit, the [2,887] London bankers employ as much money as they can amongst their customers. They invest a considerably larger proportion of their deposits in bills of exchange and promissory notes, [2,888,] than in public securities. The city banker is, however, under a disadvantage in this respect, which is not felt by the banker at the west end of the town. [2,893.] The latter may, to a certain extent, depend upon the use of the money deposited with him, [2,892,] as his accounts are usually those of country gentlemen, and individuals out of trade; whereas the former, whose accounts are principally those of persons actively engaged in commercial or money operations, can hardly [2,976] know three days beforehand what the amount of his deposits may be at any given period. The London bankers are obliged to employ their money occasionally at a very low rate of interest. [2,910.] In some cases, it may have been within the last twelve months two and a half per cent.; but the average has been from three to three and [2,915] a half, and it has fairly kept at that

rate. The highest rate has been four for short bills, but five has been charged for bills of twelve or eighteen months.

II. FACILITIES AFFORDED BY LONDON BANKERS TO TRADE.

The fluctuations which take place in the currency operate little or nothing upon the [Glyn, 2,927] extent of accommodation afforded by the London bankers. They frequently allow a customer, if he be a respectable trader, [2,938,] to overdraw his account, merely upon the opinion they have of his good character. [2,939.] It almost daily happens, that a customer of known property comes to them and says, "Put 5,000*l.* or 10,000*l.* to my account;" [2,942,] and they must always be prepared to meet a demand of that nature. The mode in which the business of London is conducted (with the Bank of England as the bank of issue, and with private bankers as the channels through which the necessary accommodation is given to the different commercial interests) is, according to Mr. Glyn, as good a system as can be devised. "Instances," he says, [3,083,] "occur every day, in which it would be impossible for the first mercantile houses in London to deal with the Bank of England, or with a joint-stock company. They come often to ask for loans, for the purpose of executing orders received from abroad, for the export of bullion and other commodities. They communicate confidentially with their private banker; but they could not follow this course, or make these communications to the directors of a joint-stock bank, some of whom might probably be their rivals in trade, and in these operations. Again, among the second class of traders, we are obliged to proceed often upon the knowledge we have acquired of their business and character, a system upon which a joint-stock company could not act; and I consider that if these modes of accommodation were withdrawn, the distress among many of the traders in London would be extreme, and the impediments to business insuperable."

III. NUMBER OF COUNTRY BANKERS.

According to the number of licenses granted to country bankers, from the 11th of October 1831, to the 26th of June 1832, it would appear that there were during that period six hundred and thirty-six private establishments in the interior of the country, which issued their own notes. The number of the licenses is, [Burgess, 5,154,] however, an imperfect criterion as to the number of country banks issuing notes, because, in those cases where the same banker has several branch establish-

ments, he is obliged to take out a license for each branch, as well as the parent bank. Many, moreover, [5,175] appear in the list of bankers who are not actually bankers, though they take out a license to issue notes. In the town of Trowbridge, for instance, there were at one time nine or ten licensed bankers, and only one substantial establishment carrying on banking business. Neither would the number of licenses annually granted by the stamp office show the number of country bankers who do not issue their own notes, and who act exclusively either with the paper of other country bankers, or with that of the Bank of England.

It is the opinion of Mr. Burgess,* that the number of principal establishments which carry on banking business in England and Wales, exclusively of joint-stock companies, [5,156,] may be estimated at about three hundred and sixty. As their mode of operation depends very much on local circumstances, it will be necessary to consider the evidence given before the committee with reference to country banks, as applicable chiefly to the establishments therein described, although the usages mentioned by the different witnesses, in some instances, may be assumed to be pretty general.

IV. MR. BECKETT'S BANK AT LEEDS—MODE OF CARRYING ON BUSINESS.

Mr. Beckett's bank at Leeds† issues local notes not payable in London; by delivering them to their customers, viz. [Beckett, 1,234 to 1,457,] merchants, and others who keep accounts with them; they advance them, also, for wages, and under a variety of other circumstances, upon cash checks. They discount few bills, except for their customers. They put out money on loan upon a variety of securities, both real and personal; also upon deposits of deeds, and upon the characters of the parties, chiefly merchants and manufacturers, who are desirous of borrowing, and who keep accounts with them. The money thus advanced often remains owing a very long time, being frequently merely added to the open account of the customer, and varies occasionally, according to the accommodation which he requires from the bank.

They allow interest at two per cent. upon all deposits which remain in their hands six months; they pay no interest on deposits for a shorter period. They take in deposits, at

interest, any sum, however small, in order to accommodate the middling class of people. If the deposits be left beyond six months, interest is allowed also for the extra time; but after the expiration of that period no notice of withdrawal is required, and the sums are then payable on demand. It is understood, that if, without entering into any previous stipulation, a party deposits money with them, and leave it there for more than six months, he is entitled to interest. Where a depositor has also a drawing account, the balances are regulated every six months, and the interest due upon the average is placed to his credit. Upon a mere deposit account,* no commission is charged; but upon a mercantile current account, that oscillates backward and forward, a commission is invariably charged of a quarter per cent.; and if the commission on what is drawn exceeds the interest accrued upon the deposits, it is made a charge in account. Where there are a deposit and drawing account, the average of deposits on which interest is allowed is estimated in this way. The dates are taken, on the one hand, in which the money is paid in; and on the other, in which it is drawn out; both are then calculated to a particular day—the 30th of June, for the one half year, and the 31st of December for the other half year, and interest is allowed upon the balance.† The commission on the drawing account is deducted from the interest allowed on the deposit account. And if the balance of a week's account were 1,000*l.*, but the number of drafts drawn in the course of the week amounted to 6,000*l.*, the 5*s.* (or quarter) per cent. would be charged upon the 6,000*l.*, that is, upon the

* It is not called a deposit account, unless it be free from variation. A deposit is a sum that is placed in the bank, and taken away again in one sum. But if the account varies, a commission is charged for the trouble of keeping the entries in the books, and calculating the accounts. [1,272.]

† In order more fully to illustrate this practice, the following question and answer are subjoined. "[1,311.] Supposing a person deposits with you 1,000*l.* upon the 1st of January in a given year, and suppose that he draws five drafts for 100*l.* each on the third day of each of the first five months, the first draft being on the 3d of January, those five drafts amounting to 500*l.*, and that he leaves the remaining 500*l.* in your hands till the end of the year; what would be the sum he would have to receive from you by way of interest, after deducting the charge for commission?"—"Interest is allowed upon each sum; interest would be allowed upon 900*l.* for one month, upon 800*l.* for two months, and so on till you get to the end: and then, before you credit the interest, the commission of 5*s.* per cent. would be deducted." The witness further stated [1,310] that the practice described in his evidence, with respect to the payment of interest on deposits, and the charge of commission upon drawing accounts, is the general practice of other banks in the north of England.

* Secretary to the committee of country bankers, which was formed by Sir John Wrottesley in the year 1827, for the protection of their interests.

† His bank has been established about fifty-eight years.

whole amount of drafts in the course of the week.

The circulation of the bank in question is not equal to one fourth of the total amount of their deposits, including both the deposits on the drawing account, and those on lodgements. Their circulation, however, has only been a subordinate part of their business, merely for the purpose of supplying wages, and the wants of customers who apply to them for ordinary expenses. The portion of their funds not employed in discounts and advances, and not reserved in specie and Bank of England notes against their circulation, they invest in government and other available securities in London. Whenever their circulation or deposit undergoes a contraction, they have recourse to those securities, in order to meet the drain upon the bank. Their circulation is seldom much enlarged or contracted, never to the extent of one half, from one year to another, as compared with the previous years. Their operations, as well as those of the other banks at Leeds, have contributed materially to the growth of the trade of that town. They have not merely afforded the accommodation of the exchange of paper, but have, by making advances, considerably extended the transactions of its manufacturers and merchants. Latterly (June 1832), the state of its trade has been by no means prosperous. The profit derived from the employment of capital in manufactures at Leeds is less than it used to be. The number of small capitalists is increasing, and the making of cloth is reverting to the villages, and becoming again a domestic manufacture. Hence, there is much more competition than formerly, which has a tendency to reduce profits. The persons who are actually employed, are pretty well paid; but the proportion of those who are unemployed is becoming larger every year, and there is a growing poverty amongst the labouring population. The traders generally, with some few exceptions, are less wealthy than they had been some years back. It would be impossible for them to pay the working manufacturer his weekly wages without the assistance of the local banks; and if those establishments had not been issuers of notes, they could not have given the same extent of accommodation to the trade of Leeds as they have done. If the banks were obliged to abandon the issue of notes, it would put them to considerable inconvenience; but still, says Mr. Beckett, [1,298.] "I think we should be able to afford about the same accommodation which we give at present, as our accommodation does not depend mainly upon our issue of notes."

The banks at Leeds advance a great proportion of coin, as well as notes, to the manufacturers, for the purpose of enabling them to pay wages—perhaps three quarters in gold and the rest in their own paper. If, by any possible accident, all the banks there were to cease to pay, it would be impossible that the manufacturers could go on. They issued one-pound notes prior to 1826, which were not altogether withdrawn until April 1829, in compliance with the act.* Prior to 1826, their issues of one-pound notes exceeded those of notes above that sum; the former having then constituted considerably more than half their circulation. They were at that period in the habit of paying for wages in one-pound notes, what they now pay in gold and five-pound notes. But they still afford the same facility, and feel quite the same readiness to make advances, under the present system of currency, namely, paper and gold, that they did when they issued one-pound notes.

The decline that has taken place in the trade of Leeds, so far as profits upon capital are concerned, is, however, consistent with the fact of increased production; and that decline is in no way to be attributed to the system of banking, or to the state of the circulating medium. The uncomfortable condition of industry which now exists there is not a consequence of the suppression of the one-pound notes, nor of any change that has taken place in the system of banking, or in the currency. Mr. Beckett says, that the bank with which he is connected do not refuse advances upon good security to any body in Leeds who applies to them. Nor are there any persons there, of respectable character, having any claim to credit, who fail to obtain it. Advances are made upon personal security; and if that be not deemed sufficient, some other security, collateral or personal, or the deposit of deeds, is required. Sometimes the loan is for a limited time, sometimes upon a current mercantile account, for the closing of which no stated period may have been stipulated.

V. EFFECT UPON MR. BECKETT'S BANK OF THE SUPPRESSION OF THE ONE-POUND NOTES.

With reference to the effect of the suppression of the one-pound notes upon the circulation of the bank under consideration, it appears, that although notes of that amount constituted more than half of that circulation prior to 1826, the latter has not been diminished in the same proportion. The reduction, upon the whole, may be estimated at about

* See "Summary of Law."

thirty per cent., the difference having been supplied by an enlarged issue of five-pound notes. Their accommodation to the trade of Leeds has not, however, been at all affected by this circumstance; nor has the suppression of the small notes obliged them to increase their store of gold very materially. The place of those notes has been supplied by gold, but with the addition of five-pound notes, the gold being perhaps equal to the thirty per cent. reduction that has taken place in the circulation of the bank local paper. Nor has the circulation of Leeds been at all assisted by any increase in small bills of exchange; these, on the contrary, have much decreased, from the stamp being so heavy upon them.

It would seem, reasoning generally, that if the amount of notes kept in circulation by any one bank has been reduced thirty per cent., there must have been a corresponding diminution of the capital which those notes produced, in the accommodation given to the trade of the place. But Mr. Beckett states, that the small notes bore so slight a proportion to their general business, that the reduction has not affected the extent of that business in any way. They keep about the same reserve as formerly of specie and bank notes to meet their circulation; the specie being in the proportion of about one seventh, and the whole reserve, including the Bank of England notes, being equal to more than one half their total circulation at any period. They retain that proportion of specie and Bank of England paper, however, to answer not only their notes, but also the calls upon their drawing and deposit accounts. In addition to their specie and bank paper, they hold also by them bills of exchange, bankers' drafts, and paper of that description not due, in which their payments are very commonly made.

VI. MANAGEMENT OF CIRCULATION.

In the management of their circulation, the bank in question make not the least reference to the foreign exchanges. They regulate its amount simply by the wants of their customers; and that is the general practice of the other bankers at Leeds. Considering that the issues of their local notes are made chiefly for the purpose of paying wages, and not for mercantile transactions generally, it is presumed that such a system cannot be carried to any injurious extent. The accommodation to the trade of Leeds, in the way of discount, is given, not in local notes, but in Bank of England paper: the former, not being payable in London, would not answer the purposes of the parties. Whatever increase or decrease

takes place in the circulation of their local notes, is governed more by the ordinary transactions of trade than by any thing else. But they confine it entirely to local purposes; and not wishing to issue their notes to any great extent, they would under no circumstances, for instance, pay a man 1,000*l.* in their own paper; they would give it to him in that of the Bank of England.

In the years 1823 and 1824, there was undoubtedly a general increase of country bank paper, although, for the reasons stated, that of the bank here spoken of was not then augmented above ten or fifteen per cent. In consequence of these great issues, many country banks were placed in a state of difficulty, and finally obliged to stop payment, when the general panic arose, and demands were made for payments upon deposits and other liabilities which they were not prepared to meet. It is not considered that that panic was created in any degree by the manner in which the country banks managed their issues; though it was certainly increased very much by the failure of a great banking house in Yorkshire, which had several establishments, and conducted its business upon no one principle of common sense or common safety.

There is only one house at Leeds which issues notes (but only in a small proportion) payable in London; all the other banks there confine themselves to notes payable only at their own establishments. If they were to discount largely with their own paper, they would be no gainers by it, it would return so quickly upon their hands. This system of banking prevails in general in Yorkshire, where a great part of the business is done by means of bills of exchange. It does not arise from any unwillingness upon the part of the people to take the local notes of bankers, but from the choice of the bankers themselves. There is nothing to prevent any person, or set of persons, from introducing a system of banking into that county, founded upon the plan which is carried on elsewhere, that of dealing principally in their own notes. It is not likely, however, that such an establishment would obtain much credit. Supposing they were to solicit business by reducing the rate of discount to three per cent., seeing that the expense of circulation would be about one and a half per cent., they could not embark in such a concern with profit to themselves, or any very great service to the community.

It is Mr. Beckett's opinion, that the establishment of the branches of the Bank of England adds to the safety of banking in the country, and is advantageous to the public.

(Continued at page 97.)

From the New York American.

THE LAW OF CORPORATIONS.

Some fortnight ago, the newspapers generally published a brief notice of a decision in the United States District Court of Alabama, by which, under the direction of Mr. Justice McKinley, one of the justices of the Supreme Court of the United States, it was determined that a corporation created by one state—in the case on the record by Louisiana—cannot enter into contracts out of the jurisdiction of the power which created it.

The suit was instituted by the New Orleans, Carrollton and Railroad Company, for the recovery of a bill of exchange from one of the endorsers. The defendant pleaded, that this bill of exchange was made, endorsed, and sold in Mobile, in the state of Alabama, and that the New Orleans, Carrollton and Railroad Company had no authority out of the state of Louisiana to discount notes, or purchase or negotiate bills of exchange.

The presiding judge directed the jury, if they were satisfied that the transaction occurred in Mobile, to bring in a verdict for the defendant—which accordingly they did.

The District Judge, Mr. Crawford, was on the bench, but declined to take part in the case, on the ground of personal interest in a similar question; though, as we learn, after the decision was pronounced, he said he could not refrain from expressing his entire concurrence in the law, as laid down by his associate. How far Judge Crawford may have influenced the opinions and the law of his associate on the bench, must, at this distance, be merely matter of conjecture; but of the morality of the defence itself, there should, it seems to us, be but one opinion. Perhaps, too, there will be no difference of opinion, as to the extreme indecorum of Judge Crawford's sitting at all on the bench on this occasion—even though he had not intimated any opinion—when we state the fact, that *he himself is the endorser of a bill of exchange purchased by another foreign corporation, payment of which he resists upon similar grounds.*

That the law of this decision is as unsound as its morality seems to us scarcely to admit of a doubt; and as an appeal was taken in the case to the Supreme Court of the United States, we may hope to see the question fully and finally settled. Meanwhile, we ask attention to the subjoined opinion by Chancellor Kent, given on the application of parties here, desirous to know the ground on which contracts, such as Judge McKinley's law violates, do, in the judgment of that eminent lawyer, stand.

CHANCELLOR KENT'S OPINION.

The following question has been submitted to me, as counsel, by an incorporated company interested therein, for an opinion thereon, together with the reasons and authorities on which it might be founded.

Question.—If an association of persons be incorporated in this or any other state for banking, insurance, or other specified purposes, with the usual corporate powers and capacity to contract and be contracted with, to purchase and sell, and to sue and be sued, in respect to all property, concerns, and matters, within the purview of the institution; and if such company should by their competent agent make a contract in another state, lawful and valid if made in their own state, and such contract should not be contrary to any statute prohibition in such other state, would the company be entitled by the common law of the land to enforce the performance of such contract by suit, in their corporate name, in the courts of such other state, or in the federal courts sitting therein, and having jurisdiction of the subject matter?

Answer.—My answer to this question is in the affirmative.

I have no doubt of the capacity and of the right of a corporation in one state, under the limitations stated in the question, to contract and to sue in the courts of another state. The competency or incompetency of persons, whether natural or artificial persons, to contract, and the lawfulness of the contracts which they may make, must depend, as a general rule, on the law of the place of the contract; and if there should happen to be a positive regulation in any one state, going to declare that no corporate body in another state or foreign country could make a valid contract or maintain a suit there in its corporate capacity, the prohibition would of course control and destroy the remedy on such a contract. But such a regulation, unless under special qualifications, would be an extraordinary case, and it is not to be presumed to exist until it be shown. It might possibly be deemed repugnant to the constitution of the United States, which declares that "the citizens of each state shall be entitled to all privileges and immunities of citizens in the several states." But supposing that some regulation of the kind should exist in respect to corporations, and should be deemed valid, it would form an exception to the general rule that corporations are artificial persons, endowed by law with a capacity to contract and sue in their corporate character and name, equally with natural persons. Being competent for such purposes in the state in which they are created, they are competent to contract and sue every where, on the principle that persons, as to personal contracts, have no locality; and persons competent to contract in one country are competent to contract in every other, saving and excepting always the case of the existence of some local and positive prohibition to the contrary. The *lex loci contractus* undoubtedly controls the validity of contracts, and that is on the ground of the necessary independence of nations. But apart from any such special exception, the law knows not any distinction, as to personal rights and contracts, between a single individual acting in his private capacity, and two or more individuals acting jointly as partners, or acting under legislative sanction, in a corporate capacity and with a corporate name, as one single moral person.

A corporation competent to contract and sue in the state in which it is created, can, by its agent, make contracts in other states, which would be valid if made by individuals or corporations existing there. This is a species of international law throughout the commercial world. These civil corporations are generally recognised as lawful creations, and as moral persons, possessing intelligence, capacities and rights, and entitled to appear and act by their authorised agents in the markets and in the courts of all civilized nations. They may engage in any kind of business, and make any contracts not specially prohibited by statute, nor repugnant to those general common law principles of morality and policy, known, felt, and obeyed in every community; and when the law speaks of persons generally, in reference to dealings, the term applies equally to these artificial persons, except in cases in which the legislative provision was evidently intended to apply to natural persons exclusively. (Thompson, ch. T. 15. Johnson's R. 381, 382.—Stat. 7 Ann. ch. 7, sect. 61.) In the statute law referred to, the Bank of England is taken to be a person in contradistinction to other persons united in partnership. The statute law of New York, (N. Y. R. S., vol. 2, p. 457,) appears to me to have declared the true rule on this subject, and placed it under proper limitations. It allows a foreign corporation, created by the laws of any other state or country, to sue in this state in the same manner as corporations created under the laws of this state. But

If by the laws of this state an act is forbidden to be done by any corporation without express authority by law, and such act shall have been done by a foreign corporation, it shall not be authorised to maintain any action founded upon such act, or upon any liability or obligation, express or implied, arising out of it, or made or entered into in consideration of such act.

Civil corporations of a private nature have become almost as common in this country as ordinary commercial partnerships, and they are created for the management of all kinds of lawful business and pursuit, whether it be of a commercial, manufacturing, agricultural, mechanical, literary, or charitable character, in which industry, skill, and enterprise can be freely and advantageously exerted. These corporations are created, not only by special legislative enactments, for particular cases, but in order to supply the demand for them more expeditiously, the legislature of New York have provided a special machinery for their simple and rapid creation. By a statute in 1811, (and which is still in force,) manufacturing corporations may be made by the mere will of the individuals associating for that purpose. Any five or more persons may incorporate themselves at once, at any time, and attain the ordinary powers and privilege of a private civil corporation, merely by signing and filing a certificate stating their assumed corporate name, and the manufacturing object for which the company is formed, and the amount of the capital and the number and names of the trustees, and the county and town of their location. So in Massachusetts and in England, corporations may be formed with wonderful facility. By the Revised Statutes of Massachusetts in 1835, it is declared that where real estate is held in common by five or more persons, they may form themselves into a corporation, under their own act of resolution, after due notice to all concerned, and act as a corporation, with power to sue and be sued in a corporate character in respect to the subject matter. So in England, by the Statute of 4 and 5 William IV., the king may grant letters-patent, conferring corporate powers on any company or association for trading, charitable, literary or other purposes, after reasonable notice has been given of the application.

Corporate associations, under these and other statute provisions, have become abundant and familiar. They carry on a large share of the monied, mercantile, and manufacturing business of the nation, and they have completely engrossed that of insurance. They are analogous to joint stock associations and mercantile partnerships, and differ from them only in some super-added privileges, given for the purpose of the more convenient management of their concerns. And can it be possible that in this great American republic, when we are one nation for all national purposes, and one people in commercial pursuits, with the same common interests, sympathies, intercourse, and principles of jurisprudence, and entitled to an equal intercommunity of "privileges and immunities as citizens" throughout the land, that these corporate associations shall not have the liberty to make contracts, and to have free access to the courts of justice in one state as well as in another? If a manufacturing corporation in New York should, by its agent, purchase in Mobile or New Orleans a number of bales of cotton, or at Richmond, in Virginia, a number of hogheads of tobacco, for the use of the manufacturing establishment in New York, would the courts in Alabama, Louisiana, or Virginia, hold the purchases to be void, and all contracts appertaining thereto void, and refuse all aid in their courts in behalf of the corporation to enforce performance of the same, merely because the purchase was made by

the agent of a New York corporate association, when it would have been valid and cheerfully enforced, if it had been made by the agent of a New York partnership association? The distinction is illusory, and has no foundation in law, and as little colour for it in justice, or comity, or policy, or common sense.

Let us see what the English and American courts of justice have said and done on the subject.

The only English case in which the subject appears to have been litigated and discussed, is that of *Henrique vs. the Dutch West India Company*, (2 Lord Raym. 1532, S. C. 1 Str. 612, 2 *Ibid*, 807,) and notwithstanding the criticisms which have been made upon that case, it may be considered as finally and conclusively establishing the right of foreign corporations to sue in their courts. The suit by the Dutch company was an action of assumpsit, brought in the court of C. B. to recover monies loaned by the company to the original defendant (Henrique) in the Bank of Amsterdam. The contract for the loan of the money was made in Holland, and the question was distinctly raised, whether a foreign corporation, in its corporate name and character, could sue in England. Lord Ch. J. King, before whom the cause was tried, only required proof of the existence of the corporation by the law of Holland, and the company were held to be entitled to sue in their corporate name, and they recovered the debt by the judgment of the court. The persons who entered into the recognisance of bail for the defendant Henrique in the C. B. were next sued by the Dutch company on such recognisance, and they recovered in that suit also against the special bail, and the last judgment was affirmed on error to the K. B., and again on error to the house of lords. The same point was raised and discussed in all the courts, and the right to sue and recover was sustained triumphantly through all of them. This decision was upwards of a century ago, and the point has never been raised since, nor the decision questioned or disturbed.

In that case the original contract was made in Holland, though the suit on the recognisance of bail was on a contract made at Westminster Hall. But there was no distinction made or suggested between the capacity of a Dutch corporation to sue in England on a contract made in Holland, and the want of a capacity to sue in England on an independent contract made in England. There was no discrimination between primary and secondary contracts, and none probably was thought of. When the courts at Westminster recognised the right of a foreign corporation to appear as a suitor in their courts, they do not appear to have intended to stop short and run a subtle division line on the right to sue between foreign and local contracts. They sustained the corporation as a suitor, having a standing in court, to sue on contracts made in Holland, and on contracts made in England subsidiary to the original suit, and that was all the relief asked for. The case affords no colour for the inference that remedy would have been denied to the company on an original or primary contract made in England, and lawful by the general law of the land. There is no evidence whatever that such a jealous and narrow distinction has any ground in the English law. The inference to be drawn from this case, and from the subsequent practice in the English courts, and the subsequent silence in the English books, is, that the courts, as well as the markets of England, are open freely to all the world—to foreign kings as well as to foreign subjects, and to foreign corporations as well as to foreign individuals.

The American cases are numerous, and consider the right of a foreign corporation to sue here, as settled law. The decision in the English case, and the practice in the English courts, may be considered as being

the recognised law in this country at the time of our revolution, and it must be the law still, except in the instances in which statute provisions have changed it.

In the case of the *Society for the Propagation of the Gospel vs. Wheeler*, (2 Gallison R. 105,) it was assumed as an undisputed and settled principle, not requiring any discussion, that a foreign aggregate corporation could sue in the federal courts. So in the case of the *Portsmouth Livery Company vs. Watson*, (10 Mass. R. 91,) the court held that the capacity of corporations to sue a personal action was not restricted to those created by the laws of that state, and that such an objection had "no foundation in any maxim, or in any argument of public convenience or policy, or in any positive provision of any statute." And, indeed, the right of a foreign corporation, or of another state, to sue in our courts, has become a clear maxim of common-place learning throughout the country. (*Silver Lake Bank vs. North*, 4 Johnson's Ch. R. 370; *New York Firemen's Insurance Company vs. Ely*, 5 Conn. R. 560; *Williamson vs. Smoot*, 7 Marten's Louisa. R. 31; *Taylor vs. Bank of Alexandria*, 5 Leigh, 471; *Bank of Edmondville vs. Simpson*, 1 Missouri R. 184.)

But there is a distinction which has been suggested on this subject, between the right of a foreign corporation to sue on a contract made at home, in the state where the corporation exists, and on a contract made in the state where the suit is brought. It is said that a corporation created in one state, cannot make a valid contract in another state, and be permitted to sue thereon in such other state, inasmuch as its capacity to act is confined to the jurisdiction in which it was created and located.

This is a new and refined distinction, without any support in the English law, or in the sense and practice of commercial nations. In the English case already cited, the contract which the Dutch corporation acceded to and accepted in England in the shape of a recognisance of bail, was valid and enforced in England. So in the case of the *Silver Lake Bank vs. North*, also referred to, the bank loaned money in Pennsylvania, but with a mortgage on lands in New York as a security for the loan, and the mortgage was foreclosed in chancery in this state. The only question raised in either case was, whether a foreign corporation could sue at all, and had a regular standing in court for that purpose, and not whether such a corporation could sue on one kind of contract and not on another. So the only question raised on demurrer and left untouched in *Green vs. Minis*, (1 McCord, S. C. Rep. 80,) in South Carolina was, whether the Bank of Georgia, being the creation of another state, could sue in that state in its corporate capacity and name. If it be once conceded that a foreign corporation may enforce its contract by suit in its corporate name, that recognition would seem to surmount all the difficulty, and to allow the corporation to sue and enforce performance of any of its contracts authorised by its charter and lawful by the law of the place where made. The law is no respecter of persons, be they natural persons, or an artificial association under a corporate name, so far as concerns personal contracts and private suits. They stand on the same equal and impartial ground, and if any particular mode of dealing, as for instance, in bills of exchange and banking operations, should be deemed in any state contrary to its interest and policy, it is for the legislature to declare so, and the restraints imposed by statute would fall equally upon all classes of persons.

In the case of the *Bank of Marietta vs. Purdell*, (2 Randolph R. 465,) this question was fully and ably discussed, and the opinion of the court, as delivered by Judge Cabell, declared the true rule, with the limita-

tions to which it is subject. He stated as the general rule, that foreign corporations had a right to sue equally with foreign persons, and that both stood on the same ground. But the bank in Ohio, he said, could not be permitted to establish an agency in Virginia for discounting notes, or carrying on any other banking operation, nor could they sustain an action on any note thus acquired, because he said it was "the policy of Virginia to restrain all banking operations by corporations not established by their own laws." If the policy in Virginia which is here mentioned be declared by statute, or be a necessary inference from any statute regulation, (and I know of no other way in which a public restraint can be lawfully and authoritatively imposed,) then the decision is unquestionably sound and just. It could not be otherwise. It was admitted at the same time that a citizen of Virginia might borrow money from a bank in Ohio, and that the bank might recover the loan by suit in Virginia. This doctrine is also sound and just. But the court raised, and left undecided, the question, whether the bank in Ohio might make a secondary contract in Virginia, for carrying into effect the contract originally made in Ohio. This point, however, as I apprehend, was settled in favour of the validity and efficacy of such secondary contract, by the two cases which have been already cited and commented on; and it would be scarcely possible to suppose that a court in Virginia would not permit the bank in Ohio to prosecute and recover a debt duly contracted in Ohio, and to secure the same by such indemnity and lien as the Virginia debtor could give in his own state.

There is only one ground on which I should, with great submission, deem the decision in Virginia unsound, and that is, if we were to assume that there is no statute in that state restraining banking operations, and that, when the judge said, it is our policy to restrain, he meant judicial, and not legislative policy. There was no allusion to any Virginia statute, in any part of the case. If it were really the fact that there was no statute law on the subject in restraint of banking, then I am of opinion that the court would have had no right to set aside the contract on the ground of its own notions of public policy. If a contract be fraudulent, or founded on some immoral consideration, or be in contravention of the positive provisions of statute law, or the settled principles of the common law, it may be conceded that the courts would be bound to arrest the execution of it, under its aid and sanction: but otherwise, questions of policy should be left to be settled by legislative discretion, and I cannot well conceive of any assumption of power over the dealings of citizens more inadmissible and dangerous, than it would be for the courts to control the performance of contracts otherwise lawful, on the ground of political expediency and policy. I allude the more readily to this point, as it is understood that in a recent case before the court in one of the southern states, it was held and ruled that a bank corporation in one state could not make a valid contract in another, by the purchase through its agent of a bill of exchange. If there be statute prohibition against the making of such contracts in the state in which the purchase was made, (and it is assumed in the case I allude to that there was none,) and if the courts can set aside or withhold all remedy on contracts in which a corporation of another state is a party, on their own views of state policy, or comity, or political expediency, the law will become vague and uncertain, and private rights become the sport of arbitrary discretion. It belongs to the legislative, and not the judicial department, to regulate the commercial transactions of individuals, whether private or corporate, as the public interest, or convenience, or

safety, may require. The legislature acts at large upon its own judgment and discretion, but the judicial power has no such undefined discretion. It is bound down by precedents and positive law, or by fixed and clear principles of common right. The courts, as Ch. J. Best observed, (2 Bingham, 229,) have gone too far in setting aside contracts, on the ground that they were in contravention of public policy, and they ought not to act in such cases, except upon clear and unquestionable principles.

It was truly observed by Judge Cabell, in the case already examined, that "every argument in favour of entertaining in our courts suits by corporations created by laws of foreign countries, applies with double force to corporations of our sister states, by the intimacy of our political union, and by the freedom and frequency of our political intercourse." All restraints, even of a legislative character, upon the ordinary commercial dealings and intercourse of social life, ought to be taken and used with great moderation, for they are in fact abridgments of the natural freedom and intelligent enterprise of citizens. But for the courts of justice to supply the absence of legislative checks, by the interposition of their judicial *Veto*, would be a practice of the most alarming nature, and extremely mischievous in its consequences.

To conclude, the true doctrine on this subject, as I apprehend, is, that whenever a civil corporation, duly created in one state or country enters, by its competent agent, into contracts in violation of its charter, but within its lawful powers, and are consistent with dealings of a like nature, held lawful to the citizens of the state in which they take place, and are not forbidden by positive law to be made by corporate persons, the foreign corporation is entitled of right in every such case to the protection and assistance of the courts, equally with resident citizens. All persons, natural and corporate, stand, in such cases, on an equal footing. The courts are bound to act, in the administration of justice, without being respecters of persons. The simple and most valuable principle of our law is, that all persons are at liberty to contract, deal, and trade throughout the land as they please, in all matters intrinsically lawful, and lawful under the constitution of the United States, and not in the given case fraudulent, immoral, unjust, or clearly forbidden by the local municipal law. The courts of justice are the appropriate guardians of this inestimable right, and it is their duty to give it a liberal and firm support.

JAMES KENT.

New York, May 8, 1838.

LAW OF CORPORATIONS.

We copy the following report of another case tried in Alabama, in which the doctrine was held by the court, that a corporation has no power to set out of the state in which it was created:

Bank of the United States vs. Wm. D. Primrose—Case agreed.—The following case by agreement was submitted to his honour the presiding judge, viz.—The plaintiff are a body corporate, existing under and by virtue of a law of the State of Pennsylvania, authorised by its charter to sue and be sued by the name of the President, Directors, and Company of the Bank of the United States, and to deal in bills of exchange,—and is composed of citizens of the state of Pennsylvania, and of states other than the state of Alabama. The defendant is a citizen of the state of Alabama. George Poe, Jr. was the agent of the plaintiff, resident in Mobile, and in possession of funds belonging to the plaintiff, entrusted to him for the sole purpose of purchasing

bills of exchange. The said George Poe, Jr., as such agent, on the 14th day of January, eighteen hundred and thirty-seven, purchased at Mobile the bill declared upon, and paid for the same in notes of the Branch of the Bank of the state of Alabama, at Mobile,—the defendant is a payee of the bill, and endorsed it to plaintiff, the present holder. The bill was presented at maturity to the acceptor and duly protested for non-payment, and due and legal notice given to the defendant.

The question for the opinion of the court on the foregoing statement of facts is, whether the purchase of the said bill of exchange, by the plaintiff as aforesaid, was a valid contract under the laws of Alabama. If the court be of opinion that said contract was valid, and that the said plaintiff as holder of the said bill acquired the legal title thereto by the said purchase, then judgment to be rendered for the plaintiff for the sum of \$5,350, with interest at 8 per cent. since 30th May, 1837, and 10 per cent. damages, with two dollars cost of protest. But if the court be of opinion that the said purchase was prohibited by the laws of Alabama, and the contract therefore was invalid and void, then judgment to be rendered for the defendant. The above case is submitted to be made a part of the record, (Signed) L. Griffith Fisher, for plaintiff; (Signed) John H. Jones, attorney for defendant; whereupon it seems to the court that the said contract or purchase was, and is, void and of no effect, and that the said plaintiff ought not further to have or maintain their aforesaid action thereof against him. Therefore it is considered by the court, that the said President, Directors, and Company of the Bank of the United States take nothing by their said writ, and that the said defendant go hence without a day and recover his costs.

From the Journal of Commerce.

SUPERIOR COURT.—JUNE 7.

JUDGE TALMADGE, Presiding.

James W. Bleecker vs. Solomon Allen, Moses Allen, and Charles Clarke.

This was an action to recover a loss sustained by the defendants refusing to take stock which they purchased from the plaintiff.

On the 4th of March, 1837, the plaintiff sold Moses Allen, in the Board of Brokers, 50 shares of the Mohawk and Hudson Railroad Company at \$90 per share, deliverable in 60 days, and to be paid for within that time. At the end of the 60 days Bleecker offered the stock to Allen who refused to take it, and Bleecker sold the shares to others at \$55, making a difference, with the interest, of \$1,985 98, for which the present action was brought.

The defence was rested mainly on legal and technical grounds. The chief points were, that there had been no contract between the parties according to the statute, as no written agreement had been signed by them; that Bernard Hart, secretary of the board of brokers, was not an authorized agent to transfer the stock, and that even if he was authorised, he entered it improperly in the transfer book, as he had only put down the name Allen, without any thing to designate which Allen it was, and no one could tell what Mr. Allen it was meant for: that no part of the stock had been delivered, no partial payment made, or any thing to prove that either party was buyer or seller: that the defendants could not be charged with the difference, as there had been no contract to sell and charge the difference; and that if there had been such a contract, the plaintiff should have given the defendants notice that the stock would be sold.

A verdict was taken for the plaintiff subject to the opinion of the court for \$1,985 98.

OFFICIAL.

TREASURY DEPARTMENT, }
July 18, 1838. }

In pursuance of the authority given in an act of congress passed on the 7th of July, 1838, a copy of which is hereto annexed, the undersigned will receive proposals for the purchase of one or both of the bonds of the Pennsylvania Bank of the United States therein described.

LEVI WOODBURY,
Secretary of the Treasury.

An Act to authorize the sales of certain bonds belonging to the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the secretary of the treasury be, and he is hereby authorized to sell upon the best terms he can command for money in hand, in the markets of this or of any foreign country, as upon enquiry he shall find most for the interest of the United States, the two bonds held by the United States against "the president, directors, and company of the Bank of the United States," chartered by the state of Pennsylvania, which will fall due in the month of September, in the year one thousand eight hundred and forty, being the two last of four several bonds, dated on the 10th day of May, one thousand eight hundred and thirty-seven, given to secure the payment of the sum of one million nine hundred and eighty-six thousand five hundred and eighty-nine dollars and four cents each, with interest upon each bond, at the rate of six per centum per annum, from the third day of March, one thousand eight hundred and thirty-six, until paid, the said four bonds having been received by the United States as security for the final payment of the stock held by the United States, in the late Bank of the United States, chartered by congress, and to execute under his hands and the seal of his office, to the purchaser or purchasers of the said bonds, suitable and proper assignments to transfer to the said purchaser or purchasers, his, her, or their representatives, or assigns, all the right, title, and interest of the United States, of, in, and to the money due, and to become due upon the bonds sold and assigned in pursuance of this act: *Provided*, That no sale of either of said bonds shall be made upon terms less favourable to the United States than the par value of the bond sold, at the time of sale; calculated according to the rules for estimating the par value of securities upon which interest has run for a time, but which securities have not reached maturity.

Sec. 2. And be it further enacted, That all money received upon the sale of the said bonds shall be immediately paid into the treasury of the United States, or placed to the credit of the treasurer thereof in some proper depository, in the same manner that other monies received for dues to the government are, by law, directed to be paid into the treasury.

Approved, July 7th, 1838.

IMPORTS AND EXPORTS OF THE UNITED STATES.

From the annual statements of the commerce of the United States, lately communicated to Congress, it appears that the imports during the year ending on the 30th of September, 1837, have amounted to \$140,989,217; of which there was imported in American vessels, \$122,187,193, and in foreign vessels, \$18,812,028. The exports during the year ending on the 30th of September, 1837, have amounted to \$117,419,376; of which, \$95,564,414 were of domestic, and \$21,854,962 of foreign articles. Of the domestic articles, \$75,482,521 were exported in American vessels, and \$20,081,893 in

foreign vessels. Of the foreign articles, \$15,725,049 were exported in American vessels, and \$6,129,920 in foreign vessels. 1,299,720 tons of American shipping entered, and 1,266,622 tons cleared from the ports of the United States; 765,703 tons of foreign shipping entered, and 756,292 tons cleared during the same period.

From the Bridgeport Republican.

RAILROADS.

We are indebted to a gentleman in this city who has gathered much valuable information in relation to the great works of internal improvement, for the annexed list of the cost, per mile, of the principal railroads in the northern states.

Boston and Worcester, in Massachusetts,	\$37,000 per mile.
Boston and Providence, in Massachusetts,	42,000 "
Western Railroad, in Mass.	34,500 "
Average cost of the above	\$37,833 per mile.
Norwich and Worcester, partly in Connecticut, and part in Massachusetts,	\$92,000 per mile.
Stonington Road, partly in Connecticut and part in Rhode Island,	52,000 "
New Haven and Hartford, in Connecticut, say	30,000 "
Housatonic Railroad, in Conn.	13,200 "
Albany and Schenectady, in New York,	61,000 "
Utica and Schenectady, in New York,	19,000 "
Harlem Railroad, in New York,	100,000 "
Long Island Railroad, "	
Columbia and Philadelphia, in Pennsylvania,	40,311 "
Allegheny Portage Road, in Pennsylvania,	45,000 "
New Jersey Railroad, N. J.	45,000 "
Camden and Amboy, N. J.	40,000 "

REPORT ON COINAGE.

MINT OF THE UNITED STATES,
June 5, 1838.

Sir,—I send you to-day the usual report, required by the Department, of the gold coinage in May, and I now present to you the following statement of the whole amount of coinage done at the mint during the same month:

Denomination.	Value.	No. of pieces.
Half Eagles,	195,295 00	39,059
Quarter Eagles,	21,972 50	8,789
Half Dollars,	174,000 00	348,000
Quarter Dollars,	49,000 00	196,000
Dimes,	62,500 00	625,000
Half Dimes,	26,500 00	530,000
Cents,	8,785 00	878,500
Totals,	\$538,052 90	2,625,348

This statement shows an amount of work greater than has ever been heretofore done at the mint in the same time, since the labour is proportional, not to the value of the coins, but more nearly to the number of pieces. It will be observed, that 2,229,500 coins have been struck, of less denomination than the half dollar; and we are still busily occupied with the fabrication of these small coins, for which the demand seems to be but little diminished.

The mint at New Orleans, after having various unforeseen difficulties to overcome, commenced coining on the 7th of last month: so that all the branch mints are now in full operation.

Very respectfully, your faithful servant,
(Signed) R. M. PATTERSON,
Director.

Hon. LEVI WOODBURY,
Secretary of the Treasury.

MICHIGAN.

The agricultural prospects of Michigan never looked fairer than at the present time. From all parts of the state we have assurances of abundant crops.—Wheat is in a fine condition. If nothing occurs to disappoint the hopes of our farmers, they will this year have a surplus for exportation. This is indeed cheering to a state that has hitherto suffered so much with exchanges against her. The day of mad speculation, we would fain believe, has gone by, and the re-productive energies of as rich a soil as ever gladdened the heart of man will now pour into the lap of industry a real and substantial wealth. Let the currency be once more established upon a firm basis, and Michigan will bound upward in her high career with a buoyancy and rapidity that other states may emulate but cannot rival. Emigration still comes in to fill up her waste places, cultivate her virgin soil, give energy to her vast resources, and advance her in the refinements of society. With a University, whose endowments are beyond those of any other state, branching out in every direction, to what point in the moral, intellectual and religious scale may she not aspire.—*Detroit Advertiser*.

We learn from the Nashville Whig of the 13th June, that the cotton crops in Tennessee, Alabama and Mississippi, had been much retarded by the unfavourable and unseasonable weather of the preceding month. It is, however, too early in the season to form a definite opinion of the ultimate result.

From the Mobile Chronicle, 16th May.

The agents of some of the northern merchants who have been collecting large sums of the bills of the branch of the State Bank of this city in the payment of their debts, are demanding specie, and having them protected for non-redemption. This illiberal policy cannot be too severely reprobated, and we trust that every house at the north, which has required or sanctioned this step on the part of their agents, may be published, that our citizens may know in future what class of men they have had to deal with. Their names may be ascertained by application at the notary's office, and we hope that those who feel an interest in the preservation of the character of our currency abroad, will take the earliest steps to correct the evils which may otherwise flow from the narrow-minded conduct of the northern merchants.

When it is recollected, that but for the liberal and indulgent policy of the state, not only in delaying the collection of their own debts, but in supplying her citizens with five millions of her credits to enable the people to pay their foreign debts, the conduct of the merchants at the north, who are now seeking to discredit our currency, will at once be held in the detestation which it so justly merits. No man can doubt the ultimate solvency of the bills of our State Bank. They will soon have a million of specie on hand, besides the payments accruing upon the extended debt, with the credit of the state to sustain the issues of the bank; even if her resources were less, the situation of the bank ought not to leave a doubt upon the mind of

any man of her ability to redeem her issues in good time. Besides this security, the holders of these bills have had, and now have, the opportunity of investing them in cotton, which would have placed their funds at the north, at a trifling rate of exchange.

We have ascertained, from the best source of information, that the northern merchants have made *but* collections in Alabama than in any other southern state, and yet their agents are endeavouring to discredit our currency. This is the way with some people,—treat them well, and they are sure to be the first to injure you.

DOMESTIC INTELLIGENCE.

JOINT STOCK BANKS.—The joint stock banks of the United Kingdom have a paid up capital of forty millions. Upon this capital the annual dividends are nearly three and a half millions. The English country joint stock banks commenced in 1826; their number is about one hundred, of which one half have been established since 1835; their total paid up capital ten millions, and the annual amount of commercial accommodation afforded by them in the shape of discounts, &c., is not less than thirty millions. From parliamentary returns it appears that the total amount of dividends paid by 60 banks, over and above the amounts of the reserved funds, was 513,112*l.*, upon the aggregate paid up capital of 6,492,868*l.*, being an average of 7*l.* 18*s.* per cent.; and from a calculation of later data, it appears, that upon the paid up capital of 7,830,000*l.* of 76 banks, the dividends are 632,700*l.*, being an average of eight and a twelfth per cent.; and making an annual profit, including reserved funds, of above 700,000*l.*

THE ATLANTIC AND PACIFIC CANAL.—Recent intelligence from Central America announces, that the reconnaissance of the canal route, cutting the isthmus of Darien, has been commenced, and partially completed, but for the present has been discontinued, owing to the cholera in the province of Nicaragua. The proposed route is from San Juan de Nicaragua, lat. 10.5, 8° N. up a river of that name to and through Lake Nicaragua; thence a distance of 97 miles to the city of Nickangus, thence to Boletto 16 miles, into the gulf of Popagayo, lat. 11, 30° N. The whole distance is 243 miles. The survey, it is farther stated, will not be completed until next year; nor will there be any attempt to open it for navigation, until the contract is concluded between the king of Holland and the government of Central America, which has been in agitation for two years past.—The completion of this immense undertaking is anticipated with much interest: its influence upon the commercial world can hardly be estimated. The canal is intended for ships we believe.—*St. Louis Bulletin*.

BANK OF TENNESSEE.—The Nashville Union of 13th July says: This institution, we understand, has determined to receive the paper of all the Tennessee banks on deposit, in payment of debts, and for eastern exchange. This will be a great convenience to the trading community, as the rule at our other banks has been to receive none but their own notes in payment for checks or drafts on the eastern cities. The course of the Bank of Tennessee will probably be followed by the other banks, which will tend materially to elevate the character of our paper, and to remove some of the existing difficulties attending the procurement of remittances.

MISSOURI BONDS.—The St. Louis Republican of Tuesday says:—"We are told that letters received here yesterday bring intelligence of a further sale of the state bonds of the Bank of Missouri, in New York.

The amount or upon what terms, we have not learned. It is said that \$400,000 has been sold."

ANOTHER FIVE MILLION BANK.—We learn from good authority that the American Life and Trust Co., or a portion of the shareholders, with others, intend forthwith to form an association under the general banking law of this state, with above this amount of capital. The intentions of the company, it is also stated, are to devote the principal part of this capital to the purposes and regulation of inland exchange.—*N. Y. Times.*

The Farmers and Mechanics' Bank at Pontiac has been placed in charge of a receiver, who gives notice that within 90 days from the 9th day of July inst. all persons indebted to said bank are required to render an account thereof, and to pay over to him. And all persons having demands against said bank must deliver their respective demands to said receiver for settlement, within said 90 days, at his office in Pontiac.

This institution was of the "wild cat" genus.

ANOTHER MAMMOTH BANK.—We learn from the Charleston Courier that the "Southwestern Railroad Bank," which has been chartered by the states of North and South Carolina and Tennessee, in conjunction with the Charleston and Cincinnati Railroad, is expected to go into operation the present year. It is believed that Kentucky will yet concur in the charter, in which case branches will be located in the four states, the mother bank at Charleston. The capital is \$12,000,000, and the bank is to be under the exclusive control of the stockholders in the road.

Correspondence of the Journal of Commerce.

NEW ORLEANS, July 12, 1838.—The Citizens' Bank of this place has made an arrangement with one or more of the banks in Cincinnati to circulate a million or more of their money, and to reimburse them by exchange on the north, to be purchased here, and the banks in Cincinnati to purchase exchange on their place and send to the Citizens' Bank here. The profit upon all these operations to be divided between the Citizens' and Ohio Bank.

This they expect will regulate all the exchanges and currency of the west. They have already reduced the exchange in Cincinnati from five to three per cent., and they intend to bring down the price of specie by this operation to near par. They put down exchange on New York from 7 to 6, but this did not last but a single day, and has again returned to 7.

SITUATION OF THE BANKS OF NEW ORLEANS, July 16.—Comparative statement of the 4th June and 2d July, published by the Secretary, Mr. Briggs. Circulation, July 2d, \$7,886,853; June 4th, \$8,173,413.

The Atchafalaya Bank was not included in the statement published on the 4th June; its circulation is now \$111,425. In comparing, therefore, the circulation of both these dates, we must omit that of the Atchafalaya Bank. Consequently the decrease amounts to \$397,965.

Comparative statement of the specie in the vaults of the banks on the 4th June and 2d July. Specie, July 2d, \$3,293,824; June 4th, \$3,053,235.

From this statement it appears that the specie had increased on the 2d of July, \$217,135; by adding the amount of specie in the Atchafalaya Bank, the total of the increase amounts to \$240,589.

A correspondent of the Salem Gazette states that the disputed territory in Maine contains about 10,700 square miles, being larger by nearly 300 square miles than the whole state of Massachusetts. A considerable portion of this tract is represented as not only well timbered, but is calculated to make good tillage land. One half of this territory, or upward of 3,000,000 acres, belongs to Massachusetts.

Corron Caors.—The Manchester (Miss.) Whig says, "the cotton crops in this country, and generally, as far as we can ascertain, are materially injured by the cold weather and slight frosts which have prevailed during the present month."

SALES OF STOCK AT PHILADELPHIA.

August 6.

\$15000 Drafts on New York,	101½	100
100 shares Kentucky Bank, 30 ds. s. a.	95	100
25 " Philadelphia Loan,	23	25

SALES OF STOCK AT NEW YORK.

August 4.

100 shares U. S. Bank,	122½	122
102½ " Del. and Hudson Canal,	84½	84½
60 " Morris Canal Bank,		70½
50 " Kentucky Bank,		93½
125 " Mohawk Railroad,	73½	74
340 " Harlem Railroad,	70½	71½
200 " Boston & Providence R.R.,		105
215 " Stonington Railroad,	63	62½
250 " N. J. Railroad & T. Co.		105½
265 " Patterson Railroad,	73½	79½
25 " Utica Railroad,		119½
200 " Long Island Railroad,		58½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

August 4.

Bills on London, 60 days sight, 7½ s 8 p. cent. prem.	
" France, " 5 25 s 5 27½ fr. p. doll.	
" Holland, " 39½ s 40 cts. p. guild.	
" Hamburgh, " 35½ s 35½ cts. p. m. ba.	
" Bremen, " 79 s 79½ cts. p. rix doll.	
" Boston, " par s ½ discount.	
" Philadelphia, " ½ s ½ do.	
" Baltimore, " ½ s ½ do.	
" Richmond, " 2 s 2½ do.	
" N. Carolina, " 5 do.	
" Charleston, " 9½ s 3½ do.	
" Savannah, " 5½ s 6 do.	
" Augusta, " 5½ s 6 do.	
" Mobile, " 10 s 11 do.	
" New Orleans, " 4½ s 5½ do.	
" Louisville, " 3½ s 4½ do.	
" Nashville, " 10 s 12 do.	
" Natchez, " 14 s 14½ do.	
" St. Louis, " 8 s 10 do.	
" Cincinnati, " 3½ s 3½ do.	
" Michigan, " 10 s 12 do.	
" Detroit, " 4 s 5 do.	
American gold, 7 premium.	
do. new coinage, par s ½ do.	
Spanish dollars, 2½ s 3½ do.	
Carolus do. 5 s 6 do.	
Mexican dollars, ½ s 1 do.	
Half dollars, par	
Five-franc pieces, 93 s 94 cents each.	
Doubloons, \$16 30 s \$16 40 do.	
do. patriot, 15 60 s 15 70 do.	
Sovereigns, \$4 85 each.	

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

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THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, AUGUST 18, 1838.

No. 7.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 80.)

CHAPTER XII.

Mr. Smith Forster's bank at Walsall—His mode of conducting business—His statement of the effect of the political alarm in May 1832 upon Bank of England paper at Walsall—His opinion of the influence of the branch banks, with reference to the private banks and the general trade of that district—His argument in favour of country bankers continuing to issue their own notes.

I. MODE OF CONDUCTING BUSINESS.

It appears from the evidence of Mr. Smith Forster, banker at Walsall, in Staffordshire, that about one sixth of his liabilities belong to his paper circulation, and the remainder to deposits from his customers. [Forster, 1,458 to 1,578.] His notes are payable in London. The amount of his issues is regulated by the demands of his customers. In deciding on his discount generally, he refers to the state of the foreign exchanges; but by far the largest portion of his discounts is effected by means of cash transfers, the part discounted in his own paper being very inconsiderable. The issue of his own notes is with him a secondary consideration, in reference to business transactions. A party who presents a check at the banking house has his option in what mode he will receive it; if he require notes, notes are given him; if he require gold, gold is given him. But the practice of his establishment is, not to issue Bank of England notes; he is rather singular in that respect; but as he considers the Bank of England as rivals, since the establishment of the branches, he has discontinued circulating their notes. He makes a point, however, of being at all times prepared to pay in gold his own notes, which are of various denominations, in order to meet the wishes of his customers. If they be dissatisfied with his paper, the option is offered them of the lawful coin of the realm. There is a branch bank in the neighbourhood whose circulation is considerably above his; there are also several private bankers near

him who issue notes, some to a larger extent than he does, all payable in London. The other bankers circulate also the Bank of England paper, of which they generally keep a store. His refusal to act upon that principle has not interfered with the amount of his transactions. It was objected to at first, but he endeavoured to make it palatable to his friends by giving accommodation in other respects, and he has succeeded in maintaining it.

Walsall is a large manufacturing district. The local notes are issued there for the payment of workmen's wages principally, and for every transaction in life that requires the use of money. The advances given to manufacturers for the payment of wages are made in notes and gold, the latter being in a proportion of one half or two thirds. Prior to 1820, Mr. Forster issued one-pound notes to the extent of about half his whole circulation. When he first established the regulation of keeping his reserve entirely in gold, the proportion of that reserve was about one third of his circulation; latterly, his reserve has been less, as he has found the means of getting a supply of gold within a short distance, at a less expense, and more conveniently, than by having it from London. He has a depot of cash in another place: he does not use the branch bank for the purpose of obtaining specie when he requires it.

II. EFFECT OF POLITICAL ALARM ON BANK PAPER.

Mr. Forster mentions a striking circumstance which occurred in Staffordshire during the ministerial interregnum in May last, with reference to Bank of England notes. During that period, he states, "there was the greatest distrust upon the part of the public, in the town and neighbourhood where I resided, of the Bank of England and its notes; and the consequence was, those notes were brought in very frequently for exchange; the practice became so frequent, that we made a charge of commission; still it increased: I ordered that commission to be doubled, and I believe that if I had ordered it to be doubled again,

the charge would have been readily paid. At that time, the Bank of England notes were very much inferior in credit to my own notes. That mistrust was founded upon two reasons. The inhabitants of the district knew, in the first place, that my notes were more easily convertible, because a walk of a few minutes would procure gold for them; while, for the Bank of England notes, they must travel to the branch; and they had some doubts, whether, at the branch bank, they should obtain the payment of any notes but the notes of that particular branch. And connected with that there was another reason, which I found prevailing among rather intelligent people. The parties reasoned in this way; they said, the government is in jeopardy; if it should be overturned, as the Bank of England is mixed up and identified with it, it will fall with it. But the country bankers, possessed of great opulence and prudence, we conceive may survive the revolution; therefore, we adopt a safer plan in keeping the notes of our neighbours answering that character, than in keeping those of the Bank of England. No doubt, this feeling was partly caused by persons of strong political opinions, who thought that they were promoting the success of those opinions by pressing their demands against the bank; but it more frequently arose from the fears of individuals. Those demands, which continued for six or eight days, were made, in some instances, by persons of the middle class; generally, however, by those of the lower classes of life. One remarkable instance occurred, where the inconvenience arising from the mistrust of the Bank of England was very great. A private banker, who had formerly issued his own notes, and had lately given them up and issued Bank of England paper, informed me, that some parties to whom he had paid Bank of England notes brought them back, and begged that he would exchange them for gold. That he declined to do. This refusal increased the mistrust; and there were offers of premium made, as an inducement to get gold for them in exchange."

III. INFLUENCE OF THE BRANCH BANKS ON PRIVATE BANKS AND GENERAL TRADE.

The Bank of England paper was known to a very small extent in that neighbourhood until the branches were established: it has now become nearly the universal circulation; many of the private bankers, at least one half, having substituted it for their own, in consequence of advantages which they have received, by way of compensation. That proportion has a tendency to increase, and the opinion

decidedly gains ground, that it is more for the interest of the country establishments to use the bank paper than to circulate their own. In this opinion, however, Mr. Forster does not coincide. He conceives the establishment of the branches to be injurious to his interests. He thinks that there are advantages attending the circulation of country bank notes which are not obvious to all country bankers; that it gives them a sort of eclat, answering the purpose of the address card of a tradesman, making the bank notorious and a subject of conversation, and attracting to it deposits and customers. It is his impression, that when a banker abandons his circulation, he degrades into a bill broker, and particularly when he re-discounts his bills with the Bank of England. When he issues notes, and pays those notes honourably, he retains a much more important station in the commercial world. When he discounts bills with the paper of another establishment, and sends his bills to that establishment, he becomes their mere agent.

The branch banks have taken away many of their customers from the private banks, and have compelled them to diminish both their commission and their rate of discount. They are frequently obliged even to discount without any commission, and under the Bank of England rate. Before the establishment of the branches, they discounted at five per cent.; but now they discount at various rates, down to three and a half, and in some cases to three per cent. The introduction of the branches has contributed to put down private banks, although, in point of fact, the latter give more accommodation to trade in the way they deal than the branches. These establishments, however, have not materially diminished the means of the private bankers for affording accommodation, because the latter have not felt that reduction of deposits that might have been expected.

Undoubtedly, if the number of private banks issuing their own paper were to be seriously lessened by the introduction of branches, that circumstance would eventually limit the accommodation now afforded to trade. They cannot engross the whole circulation of the country as long as the private banker has the power and the inclination to issue his own notes. Nevertheless, they are advancing towards that object; and if they accomplish it, the results will be attended with great injury to the trading interests. As a general system, it would be still more detrimental. A paper circulation is much more beneficial when there are fifty depots of gold than when there is only one. The notes issued by private bank.

ers, payable by them at their various establishments, are more readily convertible into gold than the notes of any branch Bank of England, which would extend for fifty or a hundred miles from that branch. It would give the public less opportunity of converting their notes into gold. It would, moreover, expose the Bank of England to sudden drains for large quantities of gold, because, when once a difficulty occurred, alarm would follow; and it might, consequently, contribute to produce the necessity of having recourse to a suspension of cash payments more frequently than under the former state of things.

The trade of the neighbourhood of Walsall, which is principally in iron, has been for some time in a state of depression. The large iron masters have heavy stocks on hand; and it has been, unquestionably, a considerable relief to them to be able to borrow capital at the moderate rate of three and a half per cent., instead of five, as formerly. Although this change has been injurious to the country banker, it has been advantageous to trade; and the branches must be allowed this merit, that they have arrested the progress of insolvency which was spreading in that neighbourhood, and have alleviated the difficulty that pressed formerly upon the iron masters and men in a distressed situation, as far as relates to the charges on their business. They have thus been enabled to meet the very low prices to which they have been compelled to submit. On the other hand, this facility of obtaining capital has a tendency to increase production; and the lower rate at which articles can, for that reason, be manufactured, may possibly be over compensated in consequence of the glut created by the additional quantity.

The scale of charges made by the branch banks is one upon which private banking business could not in general be profitably conducted. It is not an advantage that banking profits should be reduced below a remunerating rate. The Bank of England, however, have a profit upon the circulation of their paper, which the private banker would not have; their notes remain out longer, of course, than those of the private banker, and they give no interest upon deposits; so that any thing they receive in the shape of discount, be it at the rate of four, or even three per cent., is profit, with the exception of the expenses of their establishment. These are advantages which private bankers have not. In point of fact, the branch system is an interference of very large capital, applied with small profit, against the capital of private individuals, who have altogether to depend upon the profits which that capital is capable of producing.

No private banker of substance would be disposed to continue banking, if he were confined to the rate of charges which the branches have adopted.

In consequence of the distressed state of trade, the iron masters and great dealers in the neighbourhood of Walsall are not in the same degree of credit in which they were before the establishment of branch banks. The fact of the establishment of the branches has had nothing to do with the distressed state of trade; but it has the effect of disinclining the private bankers to accommodate those persons. "We consider," says Mr. Forster, "that as the branch is the shop to which they naturally go, if they come to us there must be some bad reason for it."

The witness was asked, [Forster, 1,574,] "Is not the tendency of the branch system to place you and other banks upon the footing of London private banks?" to which he answered, "The business is so different in the country and in London, that I can hardly answer that question in the affirmative." [1,577.] He was further asked, "Would you wish to have it insisted upon that there should be no establishment of branch banks?" and his answer was, "Certainly not."

IV. ARGUMENT IN FAVOUR OF COUNTRY BANKERS CONTINUING TO ISSUE THEIR OWN NOTES.

The prosperity of the district in question (when it was prosperous) has been mainly assisted by the local banks. Without their assistance, wages could not have been paid to the working classes. They allow two and a half per cent. interest upon such deposits as remain with them, subject to a notice before they can be withdrawn. Their accommodation is afforded by discount and loans; their own circulation, though comparatively small, is of more value to them than its mere numerical proportion, because it contributes to increase the operations which arise from deposits. If they were to surrender their own paper, they could not give the proportion of accommodation to the neighbourhood which they are now able to afford from their deposits. Their deposits would be lessened, because, by ceasing to circulate their own notes, they would sink in the scale of commercial importance. The issue of notes brings parties to the banking house, who come there to have their paper changed, and frequently to get paper in exchange for gold, and that leads to other business. There are a number of other circumstances all leading to the same point. The Bank of England itself, if it ceased to issue notes, would be of much less import-

ance than it now is. Even if the deposits of private bankers were not diminished below their present amount, they could not accommodate the neighbourhood to the same extent as they now do, unless they continued to circulate local notes. Those notes being always at hand, the privilege of coining enables them to comply with the request of a customer at an instant—a privilege which is the more necessary to them, as their practice is to keep as little money unemployed as possible, their deposits being usually sent to London, or wherever they can be advantageously invested. Supposing an extra demand arises in the country at a higher rate of discount than prevails in London, they then discount their bills in London, or wait their coming into cash, and employ it in the country. The power of making notes enables them to carry on both systems at once, because the time they gain by the circulation of the notes enables them to get the London bills paid, so as to meet the extra demand in question.

CHAPTER XIII.

Mr. Parry Wilkins's banks in South Wales, his method of conducting business—Circulation of his banks—Mode in which country banks in general regulate their circulation—Consequences thereof—Influence of the Branch Bank of England in South Wales.

I. MODE OF CONDUCTING BUSINESS AT MR. WILKINS'S BANKS.

Mr. Parry Wilkins has two banking establishments—one at Brecon, commenced in 1778; the other at Merthyr Tydvil, in South Wales, both of which issue their own paper (principally of the amount of five pounds) on bills and promissory notes. [Wilkins, 1,579—1,881.] Bank of England notes are at hand for any person who requires them, but checks are paid only in their own paper, which was formerly all payable in London, but latterly only in the country—an impolitic change, that has tended to confine their circulation. Since the establishment of the branch bank at Swansea, they have reduced the amount of the reserve which they usually hold as a provision against their issues, to the extent of one half of the amount which they held before the restriction on cash payments, as they now can have any sum they may want at twelve hours' notice. Their deposits of every description are nearly twice the amount of their circulation. Upon such portion as is pledged to remain in their hands six months, they allow interest at the rate of three per cent. per annum. They require no notice for the withdrawal of deposits. Upon drawing accounts they seldom give interest, and they charge

no commission, unless the account be overdrawn, deeming themselves sufficiently compensated by the balance that is kept. The Merthyr bank affords accommodation chiefly to iron manufacturers on their trade bills. The persons to whom the establishment at Brecon makes advances are generally of the agricultural class, who give joint promissory notes payable to order. These notes are sometimes payable in London; but, though negotiable, they are not negotiated, as for that purpose they would require the endorsement of either bank, which Mr. Wilkins does not usually permit to be given.*

II. CIRCULATION.

The circulation of both banks was, in

1818,	89,000 <i>l</i> .	1825,	113,000 <i>l</i> .
1819,	113,000 <i>l</i> .	1826,	123,000 <i>l</i> .
1820,	95,000 <i>l</i> .	1827,	124,000 <i>l</i> .
1821,	96,000 <i>l</i> .	1828,	120,000 <i>l</i> .
1822,	75,000 <i>l</i> .	1829,	90,000 <i>l</i> .
1823,	83,000 <i>l</i> .	1830,	60,000 <i>l</i> .
1824,	87,000 <i>l</i> .	1831,	52,000 <i>l</i> .

The marked increase in 1825 arose from the circumstance of Mr. Wilkins having exchanged his notes, at the request of the parties, for those of another country bank (the name the committee have suppressed,) which appears to have been extremely liberal of its issues in 1825. The notes were taken into South Wales by drovers in great numbers; but not being so well known there as those of the Brecon Bank, Mr. Wilkins, who acted with great caution in that year, issued his in exchange for them,† as they were payable, and were, in fact, all duly paid in London. His transactions were augmented in 1826, 7, and 8, by the failures of other banks in his neighbourhood; and the sudden decrease, in 1829, from 120,000*l*. to 90,000*l*., was caused by the withdrawal, in the February of that year, of the one-pound notes, which formed half of his whole circulation. It was a great misfortune, he thinks, that any day had been

* It is not an unusual thing for a country banker to re-discount bills in London, which he had discounted for his customers in the country, but it is not considered by any means to be the act of a banker of first rate character and conduct. It is certainly not the general mode in which country bankers transact their business.—Lloyd, 3,288-9.

† The country bankers generally take each other's notes, even when not expressed to be payable in London; and exchange, some weekly, some once a fortnight, and they pay the balance in London on demand, or as may have been agreed upon. When notes beyond a certain distance are taken, the bankers sending them agree to receive in return a bill at twenty-one days or more.—Wilkins, 1,693-4. Some country bankers exchange their notes by drafts on the Bank of England at sight.—Glyn, 3,060.

named for putting an end to them. If all those which had been previously issued had been suffered to wear themselves out, and to die a natural death, the mischief would not have been so great. Many ignorant persons supposed, that on the 5th of that month they were obliged to bring them in; and, in consequence of that erroneous opinion, he had to withdraw from his circulation no less than 30,000*l.* within a very short period. The subsequent decline in the amount of his circulation was caused in no degree by the foreign exchanges, "which," he says, "had no more to do with it than the last year's snow." Neither was it produced by any contraction of the circulation of the Bank of England, although he observed, that such contraction had in some instances affected his paper. The reduction in question arose chiefly from his having declined to afford the accommodation, both to the manufacturing and agricultural population, which he used to give before the suppression of the one-pound notes.

South Wales is a breeding country, and many of the drovers who carried on the trade of supplying the feeding counties in England, went to the Brecon bank for accommodation, to enable them to make purchases at the fairs. In general, they were accompanied by some known responsible person, and sums of 1,000*l.* and 2,000*l.* were lent to them for three months. Without such assistance, they could not have conducted their business, and from the want of it, latterly, several of them have been obliged to abandon the trade. The capital created by the one-pound notes put it in the power of the banker to make such advances with facility. But it would not be worth his while, after that facility was taken away, to draw his money out of the funds, or from mortgages, in order to lend it to those persons at five per cent., incurring at the same time a heavy risk. Mr. Wilkins has, in consequence, diminished his accommodation to the drovers full four fifths, comparing his highest with his lowest amount of circulation. Great distress was the consequence among the farmers of Carmarthenshire, Cardiganshire, and Pembrokeshire, until lately. New people, apparently with fresh capital, consisting of good bills of exchange and Bank of England notes, have recently appeared in the market. The fairs have gone off better, and prices have improved. But there is still a great want of circulating medium in those counties; they would absorb twice as much as they actually possess.

For the same reason, and also on account of the great depression of the iron trade, which forms the staple of the Merthyr district, the

circulation of the bank there has been considerably reduced. Such is the discredit affecting that trade at present, that an iron master, although he might get accommodation on the security of good bills, would not be allowed to overdraw his account. There is an immense stock of iron on hand, produced chiefly by the capital of the proprietors, and the trade is still declining. It is much affected by the competition of a similar trade in Staffordshire. If prices were sufficiently high, Merthyr would produce iron in sufficient abundance to supply the world.

III. MODE IN WHICH COUNTRY BANKERS REGULATE THEIR ISSUES.

It is the opinion of Mr. Wilkins, that no country bankers regulate their issues by any reference either to the foreign exchanges or the circulation of the Bank of England; they are governed entirely by the demand for their notes, which they issue at all seasons whenever they can do so with advantage, upon good security. They are aware that an unfavourable foreign exchange will reduce the circulation of the Bank of England, that this contraction will be followed by a reduction of prices, and that a reduction of prices will necessarily influence the circulation of their own paper; because, when prices are low, fewer notes are required. But they do not pay any attention to that circumstance. They are guided only by their own respective interests, each endeavouring to withdraw as much of his neighbour's paper as he can, and to substitute his own. A good deal of their facility of issuing paper arose, however, from the power of creating one-pound notes, which no longer exists.*

IV. CONSEQUENCES OF COUNTRY BANK ISSUES.

There is no doubt that country banks, by acting on that rule, might issue, and have actually issued, to excess, and that such excess contributed to the failures of 1825. If any mode could be devised, by the adoption of which a banker might understand the extent of danger to which he would expose his property by issuing beyond a certain amount, it would be eminently beneficial. But when one banker has a capital of four or five hundred thousand pounds, another a capital of

* It is the opinion of Mr. Carr Glyn, a London banker, whose extensive correspondence with country bankers, gives great weight to his testimony on this subject, that the suppression of the one-pound notes has contributed materially to the improvement of those establishments; and that, generally speaking, they are at present in as healthy a state as they have been in for a long time.—3,075-6.

fifty or twenty thousand pounds, and another none, it is difficult to know how any uniform rule could be established on the subject. It is a spirit of over-trading be prevalent, and if every person who thinks proper to embark in it can obtain money with facility at the country banks, it is clear that the consequence must be a re-action, which will lead to a fall of prices, and to all the evils of a panic.

Mr. Wilkins illustrated the facility with which country banks have sometimes issued their notes, by referring to a fact which came within his own observation. [1,673.] "There was a person, a very considerable drover from Carmarthenshire, who came to us to offer to conduct his business at our house; he had done business with Walter & Jones* to the amount of some hundreds of thousands; he came to me, and wanted to know whether we could not do business on the same plan. The first question I asked him was for security; he said, 'I have none to give!' 'What, none to give! have Messrs. Jones & Co. granted those large sums without any security?' 'Yes, without any security.' Those bankers had actually lent that man perhaps five or seven thousand pounds at one time, upon his own responsibility: they have the greatest confidence in those men, and I believe they seldom if ever deceive them. There is one bank the partners in which, originally drovers themselves, were in the habit of lending eight or ten thousand pounds to purchase cattle, and the bank sent an agent to receive the money at Barnet, where the cattle were sold. 'This was the general custom of doing business in that country.'"

V, INFLUENCE OF THE BRANCH BANK IN SOUTH WALES.

Prior to the establishment of the branch bank at Swansea, in 1826, very few Bank of England notes were circulated in that district. The Brecon and Merthyr banks have an account with the branch, as have also several of the other banks in South Wales. The branch is a very great convenience to the banking interest in that part of the country, with reference to the supply of the precious metals and Bank of England notes, when they are required. There are two private banks at Swansea, which do business upon the plan of circulating only Bank of England paper. No doubt can be entertained, that in those

* A Welsh bank which failed in February 1832. It was obliged to suspend its payments in 1825. The partners were men of very considerable property, and their failure is understood to have been caused by their having advanced money on securities which were not immediately convertible in the money market.

towns where branches are established their notes must always secure a preference in *times of difficulty*; and that at such a period all other notes will be at a discount. Eventually the paper of private banks must be withdrawn in those towns where the branches are situated; for it will not be worth the while of the country banks there to continue issuing notes, which cannot compete with those of the Bank of England. Banks, however, which are stationed at some distance from the branches, will still be able to circulate their own paper; and it will be received decidedly with more confidence, on account of the existence of the branch in the district. At present the branches do not much compete with the country banks *generally*. The former, upon their present system, can never do the business that is done by the latter. They give no interest upon deposits, they advance no cash credits, nor do they discount promissory notes. They might, if they chose, conduct their business upon the principle of the country banks; but in so doing they would run very great risks, as their agents know little or nothing of the country.*

* Mr. Wilkins had peculiar means of knowledge on this subject, as he was for more than five years manager of the branch bank at Swansea. The evidence of Mr. Carr Glyn with respect to the utility of branch banks in general, so strongly coincides with what Mr. Wilkins says of the establishment at Swansea, that this seems a proper place for introducing it.

"3,078. Among country bankers that you correspond with, what do you find to be their general feeling with respect to the branch banks?—My opinion is founded upon the opinion of my correspondents, which is, that as they are at present conducted, the branch banks are rather useful than otherwise to them; there has been no material interference as yet with the business of the private bankers.

"3,079. Do you think that opinion is well founded?—As far as I can judge, I should think they are a great convenience to a private banker, without being detrimental to his business.

"3,080. In what way do you apprehend that a further extension of the system may become prejudicial to bankers?—At present they hold out some advantages to the merchants in the country towns which private banks do not; for instance, they issue their notes without charging commission; the profits of the private country banker, in many places, are mainly derived from commission; but still there is such an advantage to a merchant in a country town in keeping his account with the private banker, who knows his property and his transactions, and to whom he can apply for loans at the time when he may not have his means in hand to offer as security, with the certainty of obtaining assistance, that I do not think there is any chance of the branch banks interfering materially with them under their present mode of business.

"3,081. Does not the existence of the branch bank relieve the country banker from communicating with you for the purpose of getting down either specie or any other assistance he may require in his business?—In a great degree it does; a great part of the specie

In large cities, the business of country banks pretty much resembles that of a London bank. Although, by giving up their own circulation, their means of affording accommodation to trade will be reduced to a certain extent, yet that extent will not be very considerable as compared with their former usage, especially as the branches afford them every facility. Those banks will doubtless be more select as to the persons to whom they lend money, as their profits will be reduced by what they pay to the branches for discount. If a branch discount notes for one of these banks at three per cent., and that bank get five per cent. from the individual, its profit is two per cent. with the commission. A bank discounting with its own notes gains nearly the whole five per cent. profit with the commission, less the stamps and expenses. It is true that the country banker constantly affords accommodation where he knows his security to be good, whereas the branch, from being tied down by certain forms of proceeding, would not be able to accommodate to the same extent. And if by any arrangement the Bank of England should eventually drive out the country bankers, there would be a large class of industry to which the accommodation of that establishment could never reach. When a private banker gets money from the Bank of England, it must be refunded; and he must take care that the persons to whom he lends it are punctual in their repayment. If he discount with his own notes, he can re-issue them; and though he must be prepared to pay these, they are not certain of being returned on a named day. But if he borrow from the branch for a certain period, he must refund at the expiration of that period, whether he be repaid or not by the persons to whom he has advanced money. If indeed the branch lent him notes upon security, to remain out as long as he pleased, then it would make very little difference whether he discounted with his own paper, or with that of the Bank of England.

CHAPTER XIV.

System of paper circulation in Lancashire—(Consequences of that system with reference to trade—Method of private banking at Manchester—Influence of the branch bank in that district.)

1. SYSTEM OF PAPER CIRCULATION.

A strong feeling has always existed in Lancashire against the issue of notes by private bankers.* [Dyer, 4,190.] Some years ago

required by country banks is transmitted through the branch banks, in the districts where they are established."

* Mr. Burgess states [5,327] that a great mistake

(1824) they were desirous of issuing notes at Manchester; they had them printed and prepared for circulation. But the measure was so strongly objected to on the part of the public, that a town's meeting was held on the occasion, and resolutions were passed on the subject, [4,191,] which effectually prevented the plan from being carried into effect. [4,193.] This repugnance rests entirely upon the apprehension of danger from the failure of bankers, who might not be possessed of sufficient capital to meet their circulation.

It would appear, however, that banks in Lancashire devised means for circulating paper of their own, without giving to it the form of a bank note. They required every person who obtained an advance from [Smith, 4,398] them to make all his payments by his banker's drafts at three months' date, and to pay into his banker's all the cash and promiscuous bills he received. The bankers were thus furnished at all times with a large amount of cash and discountable bills, by which they were enabled to make their advances entirely in their own drafts. In this manner large sums were lent by them without the advance of one shilling of real capital.

II. CONSEQUENCES WITH REFERENCE TO TRADE.

Mr. Smith [4,398] mentions some striking instances in which this system led to over-trading in 1824 and 1825. In the former year, a house possessing some eight or ten thousand pounds commenced building a large cotton mill. At that time trade was good, and there were great facilities of obtaining discounts, and keeping afloat a large amount of accommodation bills, which encouraged them to proceed till they had spent from 40,000*l.* to 50,000*l.* in mill and machinery. Considerable surprise was generally expressed at the time, that a house which was thought to have so little could lay out so much; and it was variously conjectured, that they must either have been more wealthy than had been supposed, or that they had partners in the

prevails respecting the circulation of bills and notes in Lancashire. Up to 1825, he says, there was a very large circulation of small notes in that county. He knew of one banker, carrying on business at Blackburn and Manchester, who had in that year a circulation of one-pound notes exceeding 140,000*l.* Throughout Lancashire a system prevailed, and still exists, of [5,328] drawing small bills of exchange, in the nature of accommodation bills, which performed the functions of a circulating medium there; but, in consequence of the high rate of the stamps upon bills of exchange, from 5*l.* to 10*l.* (which were found extremely useful,) the number of these small bills has been greatly diminished.

background. Things went on flourishingly with them till the panic came, when discounts were no longer to be obtained, and their accommodation paper ceased to float. Their failure disclosed the secret, that they had been enabled, solely by the facilities of borrowing, to expend so large a sum in building a mill. In another instance, a house possessing a large mill, having been encouraged by their bankers to borrow from them, were induced to increase it to double the size. The bankers, to secure a part of their advances, took a mortgage of the mill, but for a considerable part held no security whatever. So long as they were enabled, by the issue of their own drafts, to keep up a large circulation, and so long as discounts were plentiful, they appeared satisfied with the state of their customer's account. But the moment a scarcity of money began to be felt, peremptory notice was given to him to pay off the advances. He made every effort to comply with the requisition; but difficulties increased, and, after repaying as long as he could, he failed. The bankers were fortunate enough, out of a loan of about 25,000*l.*, not to be creditors for more than one half beyond the sum they had secured to them by mortgage. There was a third case, where a man of no capital had a loan of about 8,000*l.* from his bankers to build a mill. The public supposing him to possess property, he was enabled to obtain credit for the machinery and the materials for setting it to work. The panic, however, brought him to the ground; and the creditors then discovered, to their mortification, that the bankers, who by their loan had been the means of deluding them, were the only creditors who were secured; they had got a mortgage of the mill after it was built. The extent to which this system was carried in Lancashire is almost incredible. The consequences did not stop with the ruin of the parties engaged in it. The injury extended to all others in the same trade, who were possessed of solid capital, but whose property was depreciated by this system. It is doubtful if even yet the trade of Lancashire has recovered from its effects.

If the increase in manufactures had been naturally caused by the investment of real capital, the production would have been gradual and profitable; but having been prematurely forced, it kept constantly a-head of the demand. The fall in prices and wages of labour induced, from time to time, an increased demand, but not sufficient to absorb the increased production. Although the supply has been checked by mills being shut up, or working only a short time, or by having been stopped in consequence of quarrels with the workmen

about the reduction of wages, it has nevertheless continued to exceed the demand; and, under this long course of unprofitable trade, the resources of the spinners and manufacturers have been gradually wasted away. "A friend," says Mr. Smith, "complaining of the state of trade, told me that he was working his mill at a loss; that, with all his management and economy, he was unable to make both ends meet; and asked my advice as to whether he should shut it up. I replied, that that must depend upon the amount of his loss by working it. It appeared, on examination, that if he shut up his mill, his expenses of rent, taxes, interest on capital, and expense of keeping the machinery in order, would amount to about 1,500*l.* per annum, but the loss by working it would be only 500*l.* per annum. I recommended, therefore, that he should continue to work it, on the ground that he would still be a gainer of 1,000*l.* a year by doing so. 'True,' said he; 'but you cannot fail to see that such gains must shortly bring men to ruin.' They have already brought many to ruin; and so recently as between November 1831 and February 1832, about forty spinners failed. The consumption of cotton manufactures is, no doubt, constantly on the increase; and it is not improbable, had not the over trading of 1824 and 1825 occurred, that there might have been as large a production as there is at present. But it would have been brought about gradually, and by successive profitable investments of money, and those immense losses would have been avoided which have been caused by forcing the supply by means of artificial capital. Such have been the lamentable effects of the over-issues of bankers in Lancashire: they have entailed ruin on a large class of respectable traders and manufacturers, and much misery on a vast population. If banks had been established in that district on sound principles, issuing their own notes, much of this mischief would have been prevented; for it would have been utterly impossible to have lent to such an enormous extent without the possession of a large amount of real capital. Some banks, looking to their own safety, and kept from such excessive issues by the competition of rival banks, would have been unable, as well as unwilling, to encourage such reckless over trading. [Smith, 1,399.] There is no doubt, however, that some of the bankers in Manchester were possessed of large capital."*

* It may be proper to observe, that Mr. Smith, who is a partner and director in the joint-stock bank at Manchester, is a strenuous advocate for establishments of that description.

[4,424] Although several banks failed in Lancashire in 1825 and 1826, yet the public have not suffered much in consequence. [4,426.] The injury to the community has chiefly arisen from the very large accommodation which the banks had all been in the habit of affording. [4,431 to 4,441.] They would have been less inclined to make those advances if they had issued their own cash notes payable on demand, instead of their drafts of three months' date, which they had been accustomed to circulate. It is true, that had they circulated cash notes, they might also, if they had chosen, have issued their drafts; but in that case, if the aggregate amount of both had been very large, the public would have more clearly seen the state of their issues, alarm might have followed, and the cash notes would have been returned for payment. The risk of immediate presentation would have deterred the banker from committing himself to a liability beyond his means.

Mr. Burt coincides entirely in the evidence of Mr. Smith on this subject. [Burt, 4,564.] "There were," he adds, "two operations; there was, in the first place, the great facility of procuring money, which led to advances being made by the bankers; and then the public were called upon to pay up this money sooner than they had expected, because it was understood that the bills would have been renewed from time to time. This the bankers were willing to do, as long as they had the facility of procuring money at a rate of interest that suited their purposes. But the moment the private bankers did not find it their interest to go on with the same system of discounting during the panic, that is, when there was a difficulty of finding cash notes, they immediately said to all their customers, without exception, 'you must realise your property, and pay us.' The consequence was, that as at the time when they borrowed the money prices of commodities were high, and at the time when they repaid it prices were low, a great many failures took place, and a great amount of property was lost."

[4,465] The witness was asked, "Are your observations confined to the district of Lancashire, or are they generally extended to the whole of England?"—to which he answered, "Being in the habit of reading the newspapers, and having correspondence in different parts of England and abroad, I knew a good deal of what was going on in other places." [4,566.] He was further asked, whether it was his opinion that the same system was carried on in other parts of England which he considered so injurious in Lanca-

shire,—to which he replied, "I should suppose that it was done in other parts of England, but not to the same extent."

III. METHOD OF BANKING AT MANCHESTER.

[Loyd, 3,327] Upon money deposited with the banking houses at Manchester (with one of which Mr. Loyd, a London banker, is connected,) they allow interest at the rate of two and a half per cent. The trading accounts are conducted upon the principle of charging and allowing interest, at the rate of three per cent., upon both sides of the account, charging a commission of a quarter per cent., upon the amount of the payments made. They discount bills as insulated transactions, and their profits consist chiefly in their commission. [3,359.] It is in this way that they remunerate themselves [Dyer, 4,157] for the difference between the interest which they pay on deposits, and that which they receive on discounts. Their circulation is composed of Bank of England paper and coin, and a great number of payments are adjusted by means of bills of exchange. [Loyd, 3,327.]

A very large amount of specie is required every week for the payment of wages at Manchester. [3,364.] The house with which Mr. Loyd is connected issues for that purpose, upon the average, about 25,000 sovereigns a week. [3,365.] In order to effect these payments, the house requires a continual fresh supply weekly of nearly 10,000 sovereigns. [3,366.] It does not follow, however, from this circumstance, that the amount of the circulation in Manchester is constantly increasing at that rate from week to week. [3,370.] The working people lay out their wages in clothing and provisions, [3,369;] the money which thus passes into the hands of the dealers is transferred to the manufacturers who make the cloth, and to the districts whence the provisions are supplied. It next finds its way into the possession of the country bankers, by whom it is sent up to London, or returned to Manchester, as may be most convenient to themselves; so that, in point of fact, the circulation of the neighbourhood is pretty generally much the same. These payments were usually made in one-pound notes, before the latter were abolished, [3,367, 3,368;] and the amount was then quite as large as it is at present. The suppression of those notes has made no alteration in the extent of accommodation, [3,373;] which the bankers at Manchester afford to the trade of that town. They experience no difficulty whatever [ib.] in making any advances which may be reasonably demanded.

IV. INFLUENCE OF THE BRANCH BANK.

[Loyd, 3,333] Previous to the establishment of the branch bank at Manchester, the trading business was carried on there upon the terms of four per cent. Mr. Loyd is not quite clear, whether the reduction to three per cent., which has since taken place, was or was not concomitant with the establishment of the branch; [3,336.] but he very much questions, whether the lowering of the rate itself was not the result of a general fall, which was then taking place in the interest of money throughout the country. Cash dealing has also, since the same period, been in a great measure substituted for credit dealing, and trade has, in consequence, been placed upon a sounder footing. [3,340.] But this change he is also inclined to attribute to the increased facility of obtaining discounts in London, and of converting bills of exchange into money at a much lower cost than could be done formerly. [3,341.] To that facility the branch has indeed contributed, by having money transmitted from London to Manchester; but not, he thinks, beyond that extent.

[3,339] The branch has produced no effect upon the commercial dealings of the district. The accommodation granted by bankers generally was unduly extended in the years 1824 and 1825; and subsequently to 1825 and 1826 it was materially contracted. Mr. Loyd doubts, if the diminution of accommodation which took place at Manchester was the result of the establishment of the branch. Neither has that institution altered the system upon which private bankers had previously acted. [3,342.] It has not materially interfered with their business. [3,343.] It is true that several of their best customers now send their bills directly to a bill broker in London, who discounts them at a lower rate than they could be done at Manchester. He pays the money into the branch bank office in town to the credit of the party, who finds it, in the course of post, at the Manchester branch, at his command. But although the branch certainly facilitates this process, Mr. Loyd [3,343] refers it, as he did before, more to the effect of a reduction in the general rate of interest, and the many increased opportunities of obtaining discounts in London. The same process takes place in many instances where branch banks do not exist. [3,344.]

[3,347] The branch affords great accommodation to the private banker at Manchester, by conveying thither from London the cash he may require, instead of leaving to him the trouble and risk of doing it, both of

which were very considerable. The supply thus sent down weekly is to a very large extent; yet the Bank of England make no charge for it, "and I am puzzled to know," [3,350.] says Mr. Loyd, "how they pay the expenses of the operation." [3,354.]

(Continued at page 113.)

From the Saratoga Sentinel.

COURT OF CHANCERY.

Decision made by the Chancellor, May 28, 1838.

John B. Scott and others vs. The Eagle Fire Co. of New York and others. In this case the chancellor decided that the surplus funds of an insurance company, in case of the insolvency of such company, are to be applied to the payment of the debts thereof, and that the stockholders have no claim to have the same distributed among them—leaving debts unpaid. That the capital stock of an incorporated insurance company is not the primary or natural fund for the payment of losses. The charter contemplates the interest upon the capital stock and the premiums received for insurance, as the ordinary fund out of which losses are to be paid. And the surplus of that fund, after paying such losses, is surplus profits, within the meaning of the charter; which surplus profits alone are to be divided from time to time among the stockholders; that the unearned premiums received by the company upon which the risks are still running, are not surplus profits which the directors are authorized to distribute among the stockholders; that the capital stock of the company is a special fund provided to secure the assured against great and extraordinary losses which the primary fund may be found insufficient to meet. And that if it becomes necessary at any time to break in upon this special fund to pay such extraordinary losses, it must be made good from the future profits of the company before any further dividends of those profits can be made. (1 R. S. 590 § 4.) Decree of the vice chancellor affirmed with costs.

PUBLIC EXPENDITURES.

On the 28th of June, the speaker laid before the house of representatives a letter from the secretary of the treasury, in answer to a resolution of the 25th ult. showing the amounts of expenditures, exclusive of the public debt, for each year, from 1824 to 1838. They are as follows, viz:

For the year 1824,	- - -	\$15,330,144 71
" 1825,	- - -	11,490,459 94
" 1826,	- - -	13,062,316 27
" 1827,	- - -	12,653,096 63
" 1828,	- - -	13,296,041 45
" 1829,	- - -	12,660,460 69
" 1830,	- - -	13,229,533 33
" 1831,	- - -	13,864,067 90
" 1832,	- - -	16,516,388 77
" 1833,	- - -	22,713,755 11
" 1834,	- - -	18,425,417 25
" 1835,	- - -	17,514,950 28
" 1836,	- - -	30,868,164 04
" 1837,	- - -	*39,164,745 37

* This sum is subject to small variation on the settlement of accounts of the treasurer.

Note.—The above sums include payments for trust funds and indemnities, which, in the year 1837, were \$5,610,404 36.

The following resolutions were passed by the Legislature of South Carolina at its recent session:

STATE OF SOUTH CAROLINA.

At a general assembly begun and holden at Columbia, on Monday, the twenty-eighth day of May, in the year of our Lord one thousand eight hundred and thirty-eight, and from thence continued by divers adjournments, to the first day of June, in the same year, and in the sixty-second year of the sovereignty and independence of the United States of America.

Resolved, That, in the opinion of this legislature, the resolutions adopted at the last session, recommending the separation of the government from banks, and the eventual collection and disbursement of the public moneys of the United States in the constitutional currency, have received the approbation of the people of this state.

2. *Resolved*, That in the opinion of this legislature, the policy indicated by those resolutions is essential to the best interests of the country; and that any public servant who refuses to promote the same, pursues a course injurious to the welfare and prosperity of the state.

3. *Resolved*, That the presiding officers of this legislature, be requested to transmit copies of these resolutions, to the senators and representatives of this state, in the Congress of the United States.

In the House of Representatives, 31st May, 1838.

Resolved, That the house do agree to the resolutions. *Ordered*, That they be sent to the senate for concurrence.

By order: T. W. GLOVER, C. H. R.

In Senate, 31st May, 1838.

Resolved, That the senate do concur in the resolutions. *Ordered*, That they be returned to the house of representatives.

By order: JACOB WARLEY, C. S.

From the New York Daily Express.

The following is a copy of the preambles and resolutions on the Sub-Treasury Bill, which were passed by the general assembly:

STATE OF CONNECTICUT.

GENERAL ASSEMBLY, May Session, 1838.

Whereas, a bill, called the sub-treasury, or independent treasury bill, is now pending before congress; and whereas said bill, in the opinion of this assembly, is, in its character and tendency, contrary to the spirit of our institutions, dangerous to our liberties, and destructive of our dearest interests; and will, if passed into a law, still further derange the currency, prostrate business, spread ruin and desolation through all classes of society, and change the present distress into a settled and deep-rooted despair:

And whereas, if said bill become a law, it will provide one currency for office-holders and an inferior one for the people:

Therefore, *Resolved*, That it is the will of this general assembly, that our senators and representatives in congress, vote against said bill, or any other containing similar provisions, and use all legal and proper means to prevent the passage thereof, and that they are hereby so instructed.

(We think it will puzzle Messrs. Niles and Smith, to jump over this, even though they be gifted in that way as the senators from Ohio, and Mr. Wall of New Jersey.)

From the St. Joseph's Times, June 27.

THE BALL OPENED!

In our last number the information we had acquired in relation to the Commercial Bank of Florida, at Apalachicola, was communicated to the public in the shape of a caution. Since then, the worst anticipations have been more than realized, in the discovery of the most deliberate, cool and villainous speculation, that was ever practiced upon an unsuspecting community. The truth, the whole truth is not yet developed, but enough is known to stamp this, as the most magnificent fraud that has ever been perpetrated in all this region, and though the matters to which we must now allude, will be made a subject of judicial investigation, still the public interests and the public voice demands a history of the facts, so far as they have come to light. On the fourth instant, the Commercial Bank, with all its assets and liabilities, was sold by John C. Mealey, Esq. its late president, to a Mr. Hugh Stephenson.

The premium paid to the late stockholders, for the charter, was \$50,000, which was taken out of the assets, consisting of protested paper, and such notes as Stephenson refused to receive. A statement of the condition of the bank, made by its late cashier and president, accompanied the transfers, by which it appears, that the assets turned over were sufficient to meet its liabilities—minus the premium deducted. Those liabilities amounted to one hundred and sixty odd thousand dollars. Between two and three hundred thousand dollars of the post notes of the Commercial Bank, payable at the United States Bank, in Philadelphia, signed in blank, by the late president and cashier, were left in its vaults. It appears that immediately after the transfer, Stephenson commenced issuing the bills on hand, as well as the post notes, payable as above. To accomplish all that has been done, between the purchase of the bank, and the denouement, he must have employed a number of emissaries, for in ten days thereafter, he left Apalachicola, in a steam boat for Columbus, privately removing the specie and assets of the bank.

Circumstances of a suspicious character induced certain gentlemen at Apalachicola, to interrogate the cashier left in charge of the bank, when it was found, that every thing available had been removed. A party in the steamer Commerce, started in pursuit of Stephenson, but as subsequently ascertained, it seems that he had purchased a steam boat, below Columbus, returned, and was lying at the depot on the night the Commerce went up the river.

About 10 o'clock, on Thursday morning, an express arrived at this place, giving information that the steamer boat Ion, had passed Apalachicola, that day under a full head of steam, and gone to sea, and that it was confidently suspected that Stephenson was on board, bound for New Orleans. Fortunately the U. S. steamer Florence, was in our bay ready to proceed to Mobile, and on explaining the circumstances to Major Jones, who had control of the boat, he very promptly assumed the responsibility of placing her at the disposal of our citizens. Preparations were made for instant departure, and before the steam was up, the smoke of the Ion was seen doubling Cape St. Blas. In three hours she was brought alongside the wharf, having Stephenson on board. The boat was seized by the collector, for a violation of the revenue laws, and Stephenson arrested on a charge of embezzlement.

About seven thousand dollars in silver, and a small amount in gold, was found in his possession, together with the remaining bills and post notes of the Commercial bank, which he had been unable to throw into circulation. He had in his trunk, about \$125,000 in the bills of the West Florida Bank, of which institution he was also the president, and which was to rise

the stranger from its failure through his means and talents. The latter were designed for circulation in Texas. It may not be improper to state that Mr. S. from documents in his possession, appears to be owner of the Old Magnolia Bank, thus wielding the destinies of three broken charters, an eminence to which few bankers have hitherto arrived. From the best data that we are enabled to gather, we are induced to believe that the responsibility of the Commercial Bank will not fall short of \$400,000, and that its recoverable assets will not pay more than 10 cents in the 100.

The guilt of Stephenson in this transaction is direct, unequivocal, and acknowledged, and punishment and opprobrium must certainly await him. Others are involved in the loud curses of the community—none more so than Mr. Mackay.

That appearances are against him all must acknowledge, but that his conduct may admit of explanation, and that he may clear himself of any participation in this fraud, is earnestly contended for by his friends. We believe that he has been guilty of a great oversight and imprudence in placing in the hands of Stephenson, the means of doing this foul wrong to the public, but we as honestly believe, that he is no further culpable.

He is absent now, and it is but sheer justice in the community, to suspend their verdict of condemnation, until he can be heard in his own defence. If we are not mistaken in the man, that defence will be fully and promptly made.

P. S.—Since the above has been set up, Mr. Mackay has returned, prepared to disabuse the public mind of any impressions made as to his fraudulent participation in the late operations of the Commercial Bank. His defence—and such other matters as may come to light in the ensuing week connected with this subject, shall be given in our next.

From the Pensacola Gazette.

Among the arrivals of strangers here this week, is that of Mr. H. Stephenson, in the schr. Alexander, from St. Joseph. This is the gentleman who had charge of the Commercial Bank of Apalachicola. The story goes that he left the latter place in a steam boat, was pursued, overtaken, and carried to St. Joseph, where the matter was investigated, and he was sent to this place for safe keeping, having been ordered to give bail in the sum of \$20,000. On Thursday last, Mr. S. was brought up on a writ of habeas corpus obtained by E. L. Drake, Esq. before his honour Judge Evans, who considering the amount of bail excessive, reduced it to \$2,000. He is now in the custody of the marshal here. The money which the accused had embezzled, was taken from him at St. Joseph; a part of it is in specie, and (so the story goes) a whole pillow-case full of bank bills.

The foregoing had been put into type, when a new phrase was given to the whole matter. Stephenson was placed under a guard at the Florida House, where his wife and family were staying. In the course of the evening it seems he was very liberal at the bar, and his guard fell asleep. Need we tell the rest? The prisoner took horse, and is now, no doubt, beyond the reach of pursuit.

IMPORTANT DECISIONS.

We copy the following interesting intelligence from the New Haven Herald of the 5th inst.

Hartford and New Haven Rail Road Company, vs. Kennedy.—Supreme Court of Errors, July term, 1838. Motion for a new trial.

This was an action of assumpsit, brought to recover

from the defendant sundry instalments laid by the directors of said company upon their stockholders, and refused to be paid by the defendant, who was an original subscriber to the capital stock. The grounds of defence insisted on by the defendant were—

1. That subscribing to the capital stock of said railroad company did not amount to a promise, express or implied, to pay the instalments, and therefore the action could not be sustained.

2. That the charter having given the company the right to sell the stockholders' shares, after a certain time had elapsed, for non-payment of instalments, the right to sue for and recover the instalments did not exist, but the only remedy was to sell the shares, and therefore also the action would not lie.

The case was ably argued by D. Kimberly and W. W. Ellsworth, Esqs. for the motion on the part of the defendant, and by R. S. Baldwin and William Hangersford, Esqs. against the motion, on the part of the company.

The court denied the motion, and unanimously decided that the company had the right to sue for and recover all instalments laid by said company upon their stockholders according to their charter.

There was also another case by the same company against Boorman & Hudson, who were not original subscribers to the capital stock, but were purchasers and assignees of one hundred shares of stock, and who also refused to pay the instalments.

The court in this case also were unanimously of opinion that the plaintiffs were entitled to recover of the defendants the instalments and interest thereon, and denied the motion for a new trial.

The decisions in these cases are interesting to the public, as they fully and finally settle the right of the plaintiffs to recover of sundry stockholders a considerable amount of money, which will materially aid the company in carrying forward their road.

From the New York Journal of Commerce.

SUPERIOR COURT, JUNE 15.

JUDGE TALLMADGE, Presiding.

William Fitch vs. The President, Directors, &c. of the Phenix Bank.

This was an action to recover the sum of \$500, with interest, being the amount of a bag of specie placed in the vaults of the bank by the plaintiff for safe keeping.

In the month of August last, between three and four o'clock in the afternoon, the plaintiff's clerk delivered to one of the porters of the bank a bag, containing \$500 in specie, with directions not to deliver it to any person but himself or to his order. The bag was sealed and a label pinned to it, on which was written Mr. Fitch's name, and the street and number of his office. In September following, the plaintiff's clerk called for the bag and it was not forthcoming, and it turned out that one of the porters of the bank had delivered it to another person, who had deposited a bag or bags of specie in the bank, and claimed the bag in question as his, although the paper with Mr. Fitch's name was pinned to it.

For the defence, it was shown in evidence that a great number of persons are in the habit of placing bags of specie in the vaults of the bank for safe keeping from day to day, without the officers of the bank taking any cognisance of it, or knowing who deposits the specie, or to what amount, and that the money thus deposited is left by the owners of it in charge of the bank porter, whom they recompense for his trouble in receiving and returning it. It was therefore contended that this was a case analogous to that of captains of ships carrying specie for freightage, on their own private

account, in which cases the owners of the vessels are never held liable for any loss that may accrue. The counsel on both sides agreed that a verdict should be taken for the plaintiff for \$524 92, being the amount deposited with interest; subject to the opinion of the court on a case to be made.

For the plaintiff, Mr. Maxwell.
For defendants, Mr. Lord.

SUPERIOR COURT,—APRIL 21st.

JUDGE OAKLEY Presiding.

The President and Directors of the Brooklyn Bank vs. Samuel A. Willoughby.

This was an action to recover an alleged debt of \$15,000.

From the evidence adduced, it appeared that in the latter part of 1836, Mr. Willoughby was president of the bank, and as such was authorised to make temporary loans and take securities for them without consulting the directors. Acting under this authority he took from the bank a loan of \$13,500 for himself, and deposited his notes as security for the loan. In the beginning of January, 1837, Mr. Willoughby, who, besides being president, was then also the largest stockholder in the bank, and held in it shares to the amount of \$50,000, determined to sell his stock, and quit the bank, and entered into an agreement with Robert J. Cromelin, the cashier, and R. T. Hicks, one of the directors, and some other persons, to sell his stock to them at 30 per cent. premium, and bargained that for this premium they were to give good notes, which Cromelin and Hicks were to take on the part of the bank in place of Mr. Willoughby's two notes for the \$13,500 loan. In pursuance of this arrangement, Willoughby got from them two notes payable on demand, one the note of Mr. Hicks for \$6000, and the other that of William L. De Graw, and endorsed by Walter W. De Graw, for \$9000. These two notes Mr. Willoughby put in the bank without endorsing them, and got the cashier to credit them to him as cash, and on the same day drew his checks for the amount of his own two notes, and took them out of the bank; and afterwards drew other checks for the whole of the balance except \$30. On the 3d of February, Mr. Willoughby resigned, and Mr. Hicks became president, and the transaction remained unknown to the board of directors, until the following July, when Mr. Concklin Brush became assistant president, and finding De Graw's note for \$9000 still unpaid, he enquired into the transaction, and brought the whole matter to light. De Graw's note and that of Hicks' had been entered on the books of bills receivable, but Hicks' note was not then in the bank, nor could any officer of the bank tell what had become of it.

On the 6th of July the matter was brought before the board of directors, and they passed a resolution calling on Willoughby to restore the funds he had taken out of the bank, when he deposited his two notes as security. This he refused to do. In order to show the intimate relation which existed between Willoughby, Hicks and Cromelin, in the transaction, evidence was adduced from which it appeared, that in the month of January when Willoughby was about to retire from the bank, he entered into an agreement with Cromelin and Hicks, by which they passed their bonds to him for \$1500 per annum for six years, Cromelin to pay \$1000 per annum and Hicks \$500, on condition that Willoughby would influence the bank to retain Cromelin in his place of cashier during the six years, and to appoint Hicks as president. This was the case for the plaintiff.

The defence set up was, that Willoughby had taken

the notes of De Graw and Hicks, on the part of the bank, under the authority which was given him to make temporary loans on good securities, and that at the time he took these notes, De Graw was considered a man in good standing, and that Hicks was then, and is now, solvent, and able to pay his notes. It was also alleged that the bank had recognised the transaction, inasmuch as a committee of the bank made a report to the board of directors on the 20th of January, in relation to a dividend, and in that report, they stated that they had examined the assets of the bank, and found them to correspond with the entries on the book. And that the committee or board of directors did not then make any objection to these two notes, which they must have seen on the bank book. It was also contended, that even if the defendant was liable for the notes of De Graw, the bank was bound to allow him the amount of Hicks' note for \$6000, as they had not it forthcoming.

In relation to the report made by the committee, some of its members were examined, and it appeared from their evidence, that when making the examination on which they founded their report, they did not make such an examination of the notes entered amongst bills receivable, as would enable them to see how De Graw's note came into the bank.

The court charged the jury. This case is one of very great interest as regards the property and character of those engaged in it.

The manner in which the bank used to transact its business has been disclosed to you, and, if we are to suppose that such is the ordinary way in which the banks do their business, it can no longer be a matter of surprise that defalcations, embezzlements, and fraudulent practices by officers of banks, have so often taken place. We here see the directors giving authority to the president and cashier to make temporary loans and take such securities for them as they thought proper, without making any report of it to the bank directors; thus delegating the whole power of the board of directors to these officers.

It requires great and extraordinary forbearance and integrity not to abuse sundry trusts, for it is accordant with human nature, that when a man is trusted with unlimited power over other people's funds, it often happens that he treats these funds as his own. And the present transaction is precisely of that character. Here you find an arrangement on the part of the president and cashier to dispose of the funds of the bank, in order to answer their own purposes. And it is for you to say whether this is an arrangement by which the stockholders can be bound.

It is conceded that some time before the 16th of January, 1837, Willoughby being president and the largest stockholder in the bank, was indebted to it for temporary loans to the amount of \$13,500 on two notes, one for \$8000 and the other for \$5,500. At what time he received these loans does not appear. Mr. Hicks was then a director, and Cromelin the cashier. At this state of the case, Willoughby determined to quit the bank and sell his stock, and made an arrangement to do so with Cromelin and Hicks, to sell it to them, and it may be said, to sell the bank also to them, as they were to give him so much for retaining their places. One part of the arrangement was, that the premium for the stock was to be given in notes, which were to be put in the bank in place of Willoughby's notes. Thus these three persons, Willoughby, Cromelin, and Hicks, were all interested in the transaction. Hicks, Cromelin, and others, purchased the stock, and gave certain notes for the premium, which were put into the bank without the knowledge of the directors. When the paper containing

this agreement, which is Willoughby's hand writing, was read in evidence, it was objected that this was but the draft of an agreement. But evidence has been given you which shows that it was an actual agreement. That evidence is the putting in the notes, and the transfer of the stock to Hicks and others, and the bonds which they gave for the annuities. This does away with the idea that it is a mere arrangement inchoate and not acted on; for you have the agreement and its actual completion.

What is the effect of such an agreement on the bank, if the directors did not know it? It is very clear that Willoughby, as president, could not discharge himself of his notes to the bank by taking them out of it, and putting them in his pocket. He could not pay his notes unless he gave the bank something which it agreed to take for them. Query then, has the bank directly or indirectly agreed to take the two notes, which Willoughby put into the bank, in place of his own. It is contended that the bank has done so. It is said that Willoughby as president, and Hicks as director, and Cromelin as cashier, had authority to make temporary loans, and that they could lead money to themselves on such terms as they pleased. Such a proposition is, however, entirely too absurd to take any notice of. It could not be for a moment thought, that they had authority to loan themselves money on such securities as they pleased.

The fair import of their power was, that they might make loans to others, but not to themselves. It is manifest that no such power as they possessed could give authority to the president and cashier to make loans of money in which they were parties themselves, and on terms different from those on which others could get it.

Beyond all question, the agreement by which these notes were put into the bank, and Willoughby's own notes taken out, is utterly void.

On the supposition that the act was honestly intended, even if it was honest, it must have been done in utter ignorance of their authority to lend money as directors. It is not necessary to characterise the transaction, but to say the least of it, it was a most strange one. It is sufficient to say that the bank was not at all bound by it.

It is said that although the transaction was not originally valid, the bank by its subsequent acts gave Willoughby a right to maintain it, and agreed to take these two notes which were given him for the premium on his stock. Mr. Willoughby made these two notes be credited to him by the cashier, and then draws his checks for the amount of his own two notes and other checks for the balance. This arrangement was not then a loan. Willoughby got the cashier to take these two notes as cash and credit them to him as cash, and then drew for its amount. Therefore it was not a temporary loan, but an absolute changing of those two notes for his own notes, and altogether exonerating Willoughby from paying them.

The circumstances relied on for the defence, are, that there was a report made by a committee a few days after this transaction. This committee made a verbal report on which a dividend was made, and they afterwards made a formal report. When doing this, it was certainly the duty of the committee not only to count the cash, but also to see if the notes specified in the books were in the bank, and it was also their duty to see if every thing on the balance sheet was correct. It appears, however, from what some of them say, that their duties were not carefully performed. But supposing that they examined all the notes; if they did, they must have seen these two notes, as they were entered amongst bills receivable. There were two note

books kept in the bank, the one in which bills receivable were entered only applied to loans received from the cashier, and the notes payable were paid to the teller. You have seen that this book of bills receivable shows that a great amount of property had been passed in this irregular manner, and if the committee had looked at bills receivable they would have seen bills receivable debited with these two notes of Willoughby's for \$13,500, and on the other side of the page they would have seen Willoughby credited to the same amount. They would thus see that Willoughby had paid his two notes. And they would also have seen that the bank had received the two notes of De Graw, but they could not see anything which would inform them of the real state of the transaction; and the fact was not known to the directors, except Hicks, until the 3d of July. Brush then came into the bank as president, and in a communication with De Graw, heard the truth, and the board of directors on the 6th of July, called on Willoughby to return the money. Mr. Willoughby refused to refund it, and put himself on his legal rights, and alleges that Hicks and De Graw were in good standing at the time he took their notes, and that therefore he had a right to take them on the part of the bank.

The law on this part of the subject is very clear. In the arrangement between Willoughby and Hicks and Cromelin, they acted without any authority to do so, and in plain violation of their duty, and if they acted honestly, it was in total misapprehension of their duty. Had they consulted their own good sense or consciences, they must have known that they could not make a bargain for the bank in which they themselves were interested.

The transaction being then originally void, it cannot bind the bank unless you believe that it sanctioned it, with a full knowledge of how these notes were put into the bank. If the bank knew that Willoughby had taken out his two notes and chose to take these two notes in place of them, then the bank must suffer the loss. But if the bank did not sanction it, then the whole transaction is void, and Willoughby stands in the same situation as he did before he drew out his two notes.

A question has been raised about the note of Hicks, and it is said that it ought to be credited to Willoughby, as that note has not been discounted by the bank.

On the other side it is said, that as the transaction was invalid, the note consequently never became the property of the bank; and that if Willoughby chose to put the notes in the bank with Hicks or Cromelin, as his agents, they took the notes only as his agents, and not on the part of the bank; and therefore, if these notes were stolen or taken out, or paid and squandered by Cromelin or Hicks, Willoughby must bear the loss, for he put them in the bank improperly, and the bank did not take them in such a way as to be responsible for them.

There is something very strange about this note, and I hope some after explanation can be given of it. In one of three ways can it be accounted for. It was either stolen, or embezzled, or taken by the bank to its own use, and there is no evidence of the latter. Immediately after the arrangement was made between Hicks and Willoughby, Hicks became president of the bank, and continued so until July, and Cromelin was cashier. These two persons had charge of the note. Hicks was in court during this trial, and could have been called by the defendant to say if he paid the note, but he has not been called. This circumstance, under a different form of proceeding, would be serious indeed. But the bank cannot be held accountable, unless you think the note was paid to them. You are at liberty to infer from the note being on the bank book, and not

accounted for, whether it has been paid; and if you think that it was paid to the bank, then they should give Willoughby credit for it; but if it did not come to the use of the bank, then they have nothing to do with it.

The whole case turns on the validity of the agreement, and in law it is beyond all question void. Willoughby cannot set up any right to it, as he acted in the double capacity, for the bank and himself, and this he could not do.

The question is this,—did the bank ratify the arrangement? If not, he is bound to them for his debt.

The jury retired with directions to bring in a sealed verdict on Monday morning, which on being opened was for the plaintiff, \$16,335 83.

For the plaintiff, S. A. Foot and G. Wood.

For defendant, Seth P. Staples and John L. Mason.

NEW ORLEANS, May 25.—JUDICIAL.—An action was brought before his Honour Judge Buchanan of the district court, by the Atchafalaya Railroad and Banking Co. of this city, to recover a debt due by a private individual, as endorser on a note for the sum of 3,333 33½. The court decided yesterday that the bank having suspended specie payments for more than 90 days, lost her corporate existence, and had not the right to maintain an action, unless under trustees for the liquidation of her affairs.

Office of the Merchants' Transcript, New Orleans, May 29.

JUDICIAL.—We noticed a few days ago that the Atchafalaya Bank had been non-suited in an action for the recovery of a note discounted by that institution—since then we have been informed that exceptions have been filed against suits brought by some of our other banks, and also against the United States Bank, upon a suit on a bill of exchange. This latter has excited not a little astonishment, interest, and speculation. We have been given to understand that the exceptions taken against the ability of this bank to plead, are as follows:

1st. That the United States Bank of Pennsylvania has no legal corporate existence out of the State of Pennsylvania.

2d. That it has forfeited its charter by suspending specie payments, dealing in merchandise, and by issuing notes of a less denomination than ten dollars.

3d. That no state corporation has the right, even through an agent, of making contracts in a foreign state.

SALES OF STOCK AT PHILADELPHIA.

August 13.

1 share	U. S. Bank,	123½	100
10 "	"	123	
9 "	Commercial Bank,	62½	50
5 "	Schuykill Bank,	51	50
10 "	Girard Bank,	52½	50
94 "	"	53	
10 "	Kentucky Bank,	93	100
35 "	M. & T. Loan,	19	20
\$1,810	Lehigh Sixes, 1845,	100½	100

SALES OF STOCK AT NEW YORK.

August 11.

130 shares	U. S. Bank,	122½	122½
1510 "	Del. and Hudson Canal,	84½	83½
10 "	Vicksburg Bank,		84
145 "	Ohio Life and Trust,	108	108
50 "	Kentucky Bank,		92½
50 "	Patterson Railroad,		79½

50 shares	Boston & Providence R.R.,	105½
200 "	Harlem Railroad,	71
625 "	Mohawk Railroad,	74
235 "	N. J. Railroad & T. Co.	103½ 103½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

August 11.

Bills on London, 60 days sight,	8 s 8½ p. cent. prem.
" France,	5 25 s 5 27½ fr. p. doll.
" Holland,	30½ s 40 cts. p. guild.
" Hamburg,	35½ s 25½ cts. p. m. m.
" Bremen,	78 s — cts. p. rix doll.
" Boston,	par s ½ discount.
" Philadelphia,	½ s ½ do.
" Baltimore,	½ s ½ do.
" Richmond,	1 s 1½ do.
" N. Carolina,	3½ s 4½ do.
" Charleston,	2½ s 3½ do.
" Savannah,	5 s 6 do.
" Augusta,	5 s 6 do.
" Mobile,	10 s 11 do.
" New Orleans,	5 s 6 do.
" Louisville,	3 s 4 do.
" Nashville,	10 s 12 do.
" Natchez,	14 s 14½ do.
" St. Louis,	5 s 6 do.
" Cincinnati,	3½ s 3½ do.
" Michigan,	10 s 12 do.
" Detroit,	4 s 5 do.
American gold,	7 premium.
do. new coinage,	per s ½ do.
Spanish dollars,	2½ s 3½ do.
Caracas do.	5 s 6 do.
Mexican dollars,	½ s 1 do.
Half dollars,	par
Five-franc pieces,	93 s 94 cents each.
Doubleeons,	\$16 30 s \$16 40 do.
do. patriot,	15 60 s 15 70 do.
Sovereigns,	\$4 85 each.

WEDNESDAY, AUGUST 13, 1836.

SPECIE PAYMENTS.—All the banks of this city and adjoining districts, (sixteen in number,) resumed specie payments, upon all their notes and deposits, on the 13th instant. We presume that all the other banks in the state also resumed on the same day.

In reference to the small notes and certificates of three dollars and under issued by the city and district corporations, and by loan companies acting with or without charters, measures it is to be supposed will be immediately taken for their prompt redemption. For this end an arrangement has already been made by some of them with some of the banks, and if the public shall perform its duty, every note under five dollars will soon disappear.

Resumption in Boston, Baltimore, and some of the western states, has probably taken place on the same day; and from present appearances it is probable that all the states will have resumed by January, except Mississippi, which may hold out possibly until July next.

TERMS.

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THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locks on Money.*

Vol. II.

WEDNESDAY, AUGUST 23, 1838.

No. 8.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT LAW.

(Continued from page 106.)

CHAPTER XV.

Effect of the Bank of England circulation at Birmingham upon the banking trade there—General state of trade in that district.—Mr. Attwood's opinion as to the cause of its depression—His views with reference to the currency of the country.

I. EFFECT OF BANK OF ENGLAND CIRCULATION AT BIRMINGHAM.

Mr. Attwood, who is a banker at Birmingham, is of opinion that no evil effect whatever is felt by the banking trade of that neighbourhood from the existence of the exclusive privileges of the Bank of England. [Attwood, 5,566.] Unfortunate consequences have certainly sometimes arisen from fluctuation in the notes of that establishment; but he does not consider those fluctuations as in any way attributable to its managers. [5,570.] The branches have been a material protection to the country, [5,574,] by enabling it to slide gradually into a state of depression and extreme distress, which must have occurred suddenly, and much more terribly, had it not been for their assistance. [5,575.] They have not enabled the country to revert to the ancient standard (a standard of which Mr. Attwood does not approve); the country has not yet traversed one tenth part of the way towards that object; but they have undoubtedly prevented a great explosion of the monetary system. They have administered large masses of circulating money, both notes and bullion, through channels directly acting upon industry and credit. [5,577.] At Birmingham, but for the discounts of the branch, the whole of that neighbourhood—[5,779 to 5,584] all the manufacturers, and all the merchants, generally speaking—must have been exposed to much greater difficulties than they have, in fact, endured. It has, certainly, engrossed some of the best business of the place; it

discounts all the best bills, and leaves the bad and doubtful ones as legacies of ruin to others; but it is not upon the whole injurious, as by its facilities of discounts it has kept up the confidence of the private bankers. The latter would indeed have been very ready to discount good bills under any circumstances; but without the assistance of the branch they could not have had the power to do so, in consequence of the severe distress that would have otherwise existed. Many of the inferior bills which they now take they would have rejected, [5,595,] if they could have had the good bills brought to them, and that would have added to the misery that already prevails.

The bankers of Birmingham have not altered their rate of discount* since the establishment of the branch in that town. [5,596 to 5,598.] It was five per cent. and a quarter commission upon good bills previously to 1825, and at that rate it still continues. The branch, however, discounts at four, and that draws all the best bills. The rate of discount has therefore been reduced at Birmingham, only so far as the bills taken by the branch are concerned. It would be desirable that more branch banks should be established in the country, provided their dealings were confined to the country banker. If that were the case, a country banker would never again stop payment in England. An arrangement of this kind would put an end to the competition, which exists between the branches and the country banks. It would, indeed, be founded on the principle, that a distinction ought to be drawn between bankers and merchants in the country, which is not made between bankers and merchants in London; the Bank of England in London discounting on the same terms for both classes. But in London one set of habits has grown up, and in the country another; and a system which is healthy after the practice of a century in

* "I never heard a merchant complain of the rate of discount, because banking accommodation is too valuable and too important to make it of any consequence whatever, whether he pays five or ten per cent."—Attwood, 5,585.

the capital, may be exceedingly unhealthy if applied to the great embarrassments, that arise in the progress of a hundred years throughout the country. The Bank of England do not discount with country bankers at a lower rate than with merchants, unless where bankers do not issue their own notes, and then only to a limited amount; the Bank taking from them their bills, and having the power to turn round upon them, at twenty-four hours' notice, and to cause their ruin. It does not appear that the bank have ever exercised the power which they possess in that respect, but its bare existence is "sufficiently terrible," and a much greater evil than the one per cent. saved is a benefit.

II. GENERAL STATE OF TRADE IN THAT DISTRICT.

[Atwood, 5,651 to 5,682] There is no trade at present carried on at Birmingham in which a depreciation has not taken place, owing to the general contraction of the currency. It is, however, a curious fact, that the very distress of trade increases the production of some particular trades, in two ways. In the first place, workmen work harder in consequence of the fall of their wages; and, secondly, the capitalists, in their struggle to avoid ruin, augment their manufactures. In the iron trade, for example, if they have two furnaces they will build another, because the loss upon the two furnaces is equal to 10s. per ton; but if they add a third, the loss upon the whole will be reduced to 5s. per ton. Nothing is more common than for manufacturers to increase their establishments at the very time they are upon the road to ruin.

Distress is, like the atmosphere, universal amongst all the working and trading classes in England. Trade of every description has been carried on at a positive loss within the last seven years, with the exception only of a few instances, in which speculators have now and then made a profit. The labourers are paid at half the rate of wages which they received formerly; though they work sixteen hours a day, they do not get so great a reward in exchange as when they worked twelve hours. Increase of production cannot tend to the prosperity of the country, unless prices be high and money be plentiful. The production of the country is, in several instances, greater than it was some time ago, by reason of the inordinate toils of certain classes of men; in other instances it is less, in consequence of other classes being totally or partially unemployed. The aggregate productions of the country are less than they have been during

the last seven years. The capital engaged in productive power is annihilated, considered as money; it consists of brick and mortar, and machinery, which are almost worthless. For instance, a cotton mill which seven years since cost 35,000*l.*, was recently sold by auction for 5,000*l.* Another case occurred in Birmingham, in which tools and implements of a brass foundry that cost, seven years ago, 1,560*l.*, were lately sold for 125*l.* Within that period, no fresh capital has been invested in manufactures, except in the instances already mentioned, of men trying by desperate struggles to escape from ruin. No capital has been invested in manufactories during that interval with a view to productive returns.

In some cases, an increase has taken place in the cotton trade. Immense mills have been sold or let for a fifth of their value; and out of that destruction a new tradesman, coming in unshackled, sometimes continues to exist, but not to make a profit. "I see," says Mr. Attwood, "every one shrinking from manufactures; every one that can drain out one tenth of his capital, gradually does it; but I have seen no determination of capital into any trade within the last seven years. On the contrary, I have made it a point frequently to ask the question, and I am sure I have asked it of a thousand well informed tradesmen, whether they knew of any branch of industry existing in England in which a prudent man of industrious habits, with 10,000*l.* in his pocket, and of competent knowledge, would be justified in embarking his capital. I have never met with more than a single instance in which that question has been answered in the affirmative, and that by a Manchester gentleman. But when I came to cross-examine him, he broke down."

The fixed capital of the country is absolutely destroyed, considered with reference to its convertibility into money. Capital which was formerly worth 100,000*l.* has fallen in some cases down to 5,000*l.* At that reduced rate it has passed into the hands of a new man, and he carries on the establishment until failure compels him to sell it for 2,000*l.*; and so there seems to be no limit to the progress of depression. It commenced in 1816, and was checked for a while in 1817 and 1818: it was renewed in 1819, and went on till 1822; a prosperous change then took place, and continued until the autumn of 1825, when the process of ruin recommenced, which still pursues its fatal course.

The wealth of Birmingham at present is not the half of what it was prior to 1816. The consumption of articles of luxury has much decreased there, especially within the

last one or two years. It may be true, that within the last twelve years, the number of two wheeled carriages may have been doubled in that neighbourhood. But "fashion and extravagance are eccentric things," observes Mr. Attwood; "the roads have been wonderfully improved by Macadamisation; luxury and education increase beyond any thing, and that leads to additional expense. I am sorry to say, that at Birmingham, for the last fifteen years, every man seems to me to have increased his expenses, at a time when I positively know his fortune has been diminishing. There is no wealth, no comfort there; and there is no safety amongst manufacturers or merchants; but they will perhaps not acknowledge this." As to the improvements in the roads, they have grown out of the poverty of the labourers, the parishes having been obliged to employ them in breaking stones; and as to those persons who have participated in the increased luxuries of Birmingham, vast numbers of them have been totally ruined.

[5,683 to 5,695] The increased consumption which has taken place at Birmingham during the last sixteen years, while the poverty of the district has been growing greater, has been met in some degree by the accumulations of the industry of the war. There has been also a vast influx of capital, from all parts of the country, into the large towns, Birmingham among the rest, not, however, for the purpose of being invested in manufactures, but in the erection of houses for the residence of people who come from distant villages, country gentlemen, and small capitalists. It is in the construction of those dwellings that the population of the place have been mainly employed during the last ten years. Half of those new houses, however, "have been built," says Mr. Attwood, "to my knowledge, by insolvent men, who fail a year or two after they build them." The capital which they borrowed for that purpose from their creditors came undoubtedly from Birmingham itself; but it arose from no profits of the regular trade of the place, save those which were realised during the war.

III. MR. ATTWOOD'S OPINION AS TO THE CAUSE OF ITS DEPRESSION.

The evil under which the country now labours is, that the value of money is too high. When a fall happens to take place in that value, a reward is obtained for production which calls labour into employment. If the powers of industry be then put upon their full stretch, it is probable that a greater mass of commodities will be produced than can be

contemporaneously consumed; and the consequence will be a depression of prices to a certain extent. But that depression will not be equal on the one to the excess on the other of the commodities so produced; for every process of production facilitates and increases consumption. If a million extra be invested in the iron trade, for instance, in one year, a larger quantity will be produced than may be wanted at that time. But, meanwhile, one million more is distributed among the labourers which they spend in provisions and clothing, and thus transfer it to the hands of agriculturists and manufacturers. The action of the extra capital becomes therefore general upon all trades. More iron is consumed, more beef, more beer, more clothing of every kind, and the whole machinery of society works harmoniously.

As to prices, nothing can raise them but the action of money, either real money or credit money. [Attwood, 5,697 to 5,704.] Put money into the pockets of the people, and then, and not until then, can consumption keep pace with production. The more the currency is depreciated, the greater the power of consumption becomes, until every labourer in the kingdom is fully employed. Capital, or, in other words, property of any description which can be employed in production, forms the ordinary fund for the employment of labour. But the circulating medium is the organ which converts that capital to the uses of the country. Imagine the division of labour in England to be represented by a draft-board, which contains a thousand masses of commodities, a mass of iron, a mass of wheat, a mass of clothing, and so on. The possessor of the iron cannot feed himself with iron; the possessor of the wheat cannot clothe himself with bread; the manufacturer of the cloth cannot pay his artisans in cloth. These several masses of wealth derive their convertibility to men's uses solely from the action of the circulating medium. If that medium be equal to the duty of covering a range of the prices of those masses equivalent to the taxation, and the wages, and monetary burdens which the habits of society impose upon their production, and also sufficient to leave a moderate profit to the producer above those charges, then the interchange of those commodities for each other, and for labour, is ample and satisfactory. But if the circulating medium become contracted by any means, so as to break down the prices of those commodities within the range where profit is not to be found, then the machinery of interchange becomes disordered; those masses cease to be convertible to men's uses, and they exhibit the terrible

phenomenon which we now witness, of a country in the midst of abundance and poverty at the same time.

It may be asked, "How an augmentation of the circulating medium, which necessarily carries with it a depreciation of the value of money, can add to the power either of production or consumption?" If, for instance, the currency be in such a state that one pair of shoes exchanges for 1*s.*, and one hat for 1*s.*, and if such a depreciation of the currency take place as that one pair of shoes shall be worth 2*s.*, and one hat shall be worth 2*s.*, how is the producer of the hat to be able to consume more shoes than before, or *vice versa*? Mr. Attwood answers: [5,705 to 5,708,] "In this way—the producer of the hat selling the article for 2*s.* instead of 1*s.* finds the pressure of his *fixed charges* thereby broken down and reduced. He finds also a great profit in his trade. He puts his men into full employment, and puts his monetary capital and his credit into full operation. As fast as he produces a hat which he sells for 2*s.*, he or his workmen expend those 2*s.* either in the purchase of shoes, or some other commodities; and this action being general upon all the productions of industry, the whole industry of the country becomes liberated from its thralldom; every trade gets a reasonable profit, and every labourer is brought into beneficial employment. It is true, that if he could only sell his hat for the shoes, the mere elevation of price would probably not be a great benefit, because he would have to pay in his purchase as much money as he receives in his sales. Still, his industry would be liberated, and he would have a profit, because the *fixed charges* which law and habit impose upon his trade being thus reduced, would leave a great proportion of the products of the country in his own hands. For instance, I presume, that if he were obliged to sell the hat for 1*s.* instead of 2*s.* it would be a ruinous trade, supposing the fixed charges to be 10*d.* upon the hat; but if the price rise to 2*s.* and the fixed charges remain at 10*d.* they leave him a profit, the consequence of which is, that he immediately produces more hats, and has a beneficial trade. The shoemaker feels the same action upon his trade, and the thing resolves itself into a greater proportion of industry being advantageously employed."

IV. VIEWS WITH REFERENCE TO THE CURRENCY OF THE COUNTRY.

It would be a matter of grave consideration how far the depreciation of the currency should be permitted to go. [Attwood, 5,757

to 5,769.] It should, however, be assumed as a general principle, that so long as any number of industrious honest workmen in the kingdom are out of employment, supposing such deficiency of employment to be not local but general, it is the duty and the interest of government to continue the depreciation of the currency until full employment and general prosperity shall have been obtained. It is difficult to obtain an absolute test of full employment: the year 1824, might perhaps be taken as an example of it, when no honest man was without occupation. If the population were doubled, they would all be employed beneficially by establishing either a just metallic standard of value, or artificial standards of value, which, in Mr. Attwood's opinion, are better suited to the present artificial state of society.* The Bank of England note, or a mass of exchequer bills, or a portion of the national debt, might be converted into a legal tender, but to a limited extent, so as to have an abundance of circulation, without any excess. In the present state of things, the reward of labour being destroyed, the labourers, who can each produce four times as much of the comforts of life as they and their families could possibly consume, are starving, while superabundance reigns around them. They find no employment, because the organ of industry, which is money, does not exist in sufficient quantities to give the productive classes a reward for their exertions. The peasant idly wandering about looks over the hedge of the half cultivated farm, where the land is suffering for want of his labour; but at the same time the farmer has neither the profit nor the money to enable him to bring the hand and the soil into contact.

Although retail prices have not been so much reduced as the wholesale, yet retail tradesmen were never so distressed as they

* This reason, though apparently peculiar, coincides with the doctrine laid down by Mr. Cock in his able pamphlet: "There seems," he says, "to be in all countries a sort of indescribable value set upon the precious metals, far beyond what would appear to be warranted by their intrinsic merits. It is true that their portability, incorruptibility, and being at the same time less liable to great fluctuations in price, make them desirable articles to keep, when wealth is required to be hoarded. But, taking all these considerations into the estimate, and fixing prices on them accordingly, they are of no more value than a given quantity of sugar and coffee, answering to the same nominal value, and estimated also by all the circumstances of corruptibility, waste, and other disadvantages by which they are affected."—P. 12. "As long as paper currency is founded on actual property, whether gold, silver, coffee, sugar, or other goods, it does not appear to me to be possible that too much can be circulated."—P. 32.

are at present. [5,770 to 5,774.] The blacksmith, who buys his iron at one third of the price which he paid for it in 1825, charges now just as much as he did then; yet his trade, and those of all retail dealers, are much less profitable, they have so many bad debts, so much competition, and such diminished sales. To these classes a depreciation of the currency would be highly beneficial; it would enable the debtor to discharge debts, which he cannot now pay without destruction.

[5,709 to 5,753] With reference to the effect upon industry of the reduction of taxes, Mr. Attwood, though a great advocate for lessening the burdens of the people, is of opinion that they have gained very little from the fiscal modifications which have taken place within the last fifteen years. Taxation is more or less oppressive, in proportion to the quantity of money in circulation. A sudden reduction of it to a large amount would be injurious to the industrious classes for a while, because, being employed in absolute consumption, and therefore in the maintenance of labour in one shape or other, an abrupt diminution of it would throw many of them for a season out of employment. The operation, however, would only be temporary; and if, during the course of it, the classes whom it might affect could be maintained, at the end of a few years the general industry of the country would be much benefited by the removal of taxes.

[5,776 to 5,781] In order to obtain the augmented currency to which Mr. Attwood alludes, he recommends that silver should be the only standard, and that gold should be allowed to find its own agio; that the Bank of England should increase its issues very considerably, including a large supply of one-pound notes, and that the paper of the bank should be made a legal tender from all persons but the bank itself. It is not improbable that one of the consequences of that measure would eventually be a suspension of cash payments. There is, however, danger of that result even now. But if it should happen that a restriction became necessary, the legislature might so limit the bank as to take the evil away from that state of things. They might, for instance, appoint a commission over the bank, with power to direct that the currency should not exceed a given amount. There is no reason why the currency ought always to be exactly the same. It should possess an expansive character, but rarely a contractive one. The productive employment of industry should be the guide. As to the country bank notes, they ought, by all means, to be pre-

served. They are the most important instruments of circulation that exist. They act directly upon the channels of industry, and are all employed in the *bona fide* feeding and clothing of the population, whom the Bank of England paper does not so directly reach.

CHAPTER XVI.

Circulation of the country banks—Mr. Burgess's opinion as to their utility—His answer to the charge of their having issued to excess in 1835—Ordinary amount of their "rest"—Their views with reference to one-pound notes.

I. CIRCULATION OF THE COUNTRY BANKS.

Mr. Burgess laid before the committee a paper, exhibiting the circulation of one hundred and twenty-two country banks from 1818 to 1825, both inclusively. [Minutes of evidence, p. 414.] The issues of each individual are set down in proportion to a cabalistic, or imaginary, number; but although it would seem to furnish the best evidence that has yet been collected on the subject, it leads to no general conclusion. It presents, at best, only the circulation of one third of the country banking houses, which actually do business as such; and its authenticity depends entirely upon the honour of the parties. [Burgess, 5,160.] One or two facts, however, it proves pretty clearly, viz. that the circulation of these banks was at its lowest points in 1822 and 1823, [Minutes, p. 416.] that it improved in 1824, and that in 1825 it increased, though not to more than sixteen per cent. above what it was in 1818. [Burgess, 5,166.] It is difficult to get returns that can be relied upon of the circulation subsequently to 1825, because the small notes would interfere with its accuracy. Some bankers began to take them in in 1827, and some have not taken them all in yet. There is a bank in Cornwall* that has one-pound notes still in circulation; the miners identify their prosperity with those notes, and will not take them to the bank for payment. There is another bank in North Wales† which is similarly situated.

II. UTILITY OF COUNTRY BANKS.

Mr. Burgess is of opinion, that the preservation of the country bank circulation is essential to the public welfare. [Burgess, 5,180.] Its withdrawal would, he thinks, throw extraordinary impediments in the way of the internal commerce of the country, because the bankers are brokers of capital, and by depriving them of the convenience and profit

* Grills & Co. of Helston. † Jones, of Llandoverly.

derived from their issues of notes, many of them would cease to be the agents for borrowing and lending money. Many of the banks would be shut up for want of profitable business; and consequently their customers, both borrowers and lenders, would be excluded from the advantages which they now possess. [5,202.] To the manufacturing and agricultural interests, extensive accommodation, at certain periods of the year, founded on personal character even without marketable security, is a great advantage, especially in a time of distress. Remarkable instances have taken place, in which persons have been maintained in their position, and their industrious pursuits have been preserved to them, by loans of private bankers, made upon personal character. [5,205.] Had such accommodation been refused to the parties, on the fixed immutable principles of a public body acting by directors, the effect would probably have been immediate discredit, and the ultimate breaking up of the party applying for the loan. Nor has any loss been sustained eventually by the bankers thus affording the accommodation; [5,203, 5,204.] but, on the contrary, they gained a profit on the conclusion of the transaction. [5,206.] Cases of this description have occurred, in which, if the party obtaining the accommodation had failed for want of it, his fall would have created great confusion in an extensive neighbourhood. [5,208.] It is understood that loans on personal character are sometimes granted by banks in London, which are not banks of issue; but such instances are supposed to be exceptions to their general rules of business: that is to say, [5,209.] they do not usually advance money upon the security of the individual himself without other security, nor for an undefined period, as the country bankers do.

[5,210] Nor is this opportunity of obtaining accommodation advantageous to the country, merely in a season of distress. It is also one of the modes by which general business is much facilitated. In many instances, rents could not be collected if that accommodation had been withheld. [5,211.] It enables the farmer, during the time of his outlay, to await the period of the returns by which he makes his profit. [5,212.] It gives to the manufacturer the power of procuring the raw material, and of turning it into the manufactured article, before his own capital need be employed, and thus to enable him to get a return for his capital, and repay the advances so made. [5,214.] These are advantages which, as Mr. Burgess conceives, can never be so efficiently supplied by any other system of banking. [5,215.] If from any cause all those

advantages were suddenly arrested, and the accommodation throughout all this chain, from the labourer to the landlord receiving rent, and from the mechanic to the master manufacturer, were suspended, the consequence would be a convulsion in the whole frame of society such as was never before experienced.

III. ANSWER TO THE CHARGE OF EXCESSIVE ISSUE.

In answer to the charge of excessive issues having been made by country bankers in the year 1825, Mr. Burgess insists that there was no very remarkable, and certainly no imprudent issues on their part in that year. [5,480.] He mentions the case of Nottingham, where no instance of bank failure had ever occurred, and yet it so happened that the bankers there, men eminently distinguished for prudence and good management, were, in the period from 1818 to 1826, among the highest on the scale of issue—a circumstance which was owing entirely to a great increase in the manufacture and in the population of Nottingham during that period. From the stamp returns, [5,484.] it would appear that a great increase took place in the year 1825 in the issues of the country banks. From the table laid before the committee by Mr. Burgess, it appears, however, that the actual increase of circulation in the latter year was very inconsiderable. These apparent discrepancies he has endeavoured to reconcile by the following statement. "After the measure of 1819 (for the resumption of cash payments) came into operation, the general currency of the country became greatly restricted, and a great many notes of the country bankers were consequently drawn in. The bankers did not want any new stamps while their old notes were out of circulation and ready for use, and they did not, consequently, get any large amount of new stamps for some years subsequent to the passing of the act of 1819. Further than that, there was an impression upon the minds of all men of sense and experience, that the measure of 1819 was an impracticable measure, and could not be persisted in, and consequently the bankers were waiting for the changes which they were confident would take place. A change did take place in 1822. Lord Castlereagh brought forward a measure to extend the issue of small notes from 1825 to 1833; naturally thinking and alleging, as a ground for the proceeding, that the subject of small notes would be appropriately brought under consideration when the subject of the renewal of the bank charter

was discussed in parliament. After this proceeding on the part of the legislature, many of the bankers thought that the old system would be restored; and I apprehend that that might induce them to lay in a stock of notes, to be ready for the coming demand which they anticipated. It so happened, also, that just about that period there were very great changes in the engraving of bank notes themselves. Mr. Perkins, a gentleman from America, introduced some changes in the engraving of bank notes, which, it was supposed, would have the effect of preventing forgeries, or rendering forgeries more difficult. Now I know that a great many banks ceased to issue their old notes at that period; they were obliged, consequently, to get new stamps for the newly engraved notes. I think that these circumstances go far to account for the extraordinary increase in the issues of stamps, and the very small comparative increase of circulation. I know, in addition to this, that a great many stamps so taken were not used. One banker had four thousand stamps for each denomination, all filled up and signed in the year 1823, and not one of them was issued. He never had an opportunity of getting them into circulation between 1823 and 1829, when the issue of small notes was prohibited. [5,485.] I know another banker who had 14,000 one-pound notes, which were obtained in the years 1823 and 1824, and they were in a perfectly usable state, many of them not issued at all in the year 1829, when he was obliged to suppress them."

[5,489] During the period in question (1825) the increase on the country bank circulation did not exceed sixteen per cent. on the average. It so happened, however, that in many parts, there was an increase exceeding thirty per cent.; but in most of the agricultural districts there was a great diminution. In the county of Kent, for instance, there were but two country bankers who at that time augmented their issues.

IV. ORDINARY AMOUNT OF "REST."

[Burgess, 5,557] The guard or "rest" kept by country bankers in general is exceedingly variable; the most usual proportion seems to be one fourth of the amount of their issues, which is retained in specie and Bank of England paper. There is a bank in Newcastle which acts upon a sort of principle deduced from practice. The firm have looked through a course of forty years, in order to ascertain the greatest demands that have ever been made upon them in five days, the period

of time that would elapse in obtaining a supply of gold from London: and they always keep the amount of those demands in their coffers. [5,559.] That principle does not, however, apply to their other liabilities; because almost all deposits, though paid as matter of courtesy, on request, are not demandable at the time of presenting the deposit note. [5,559.] It would not be easy to ascertain how much of their "rest" the country bankers in general hold in specie, and how much in notes of the Bank of England, as many of them, from a feeling that the bank has invaded their rights, keep no part of their reserve in its paper. In addition to the proportion of the reserve retained in specie, [5,560,] most of the banks in the manufacturing and mining districts constantly collect gold and silver for the weekly payment of wages, to the extent of at least seven times as much as the amount of specie which constitutes part of their "rest;" [5,561,] so that the quantity of coin held by them is very large indeed as compared with their own circulation.

V. ONE-POUND NOTES.

[Burgess, 5,565] With respect to the small note currency, Mr. Burgess confidently states, that nine out of ten, if not a still greater proportion, of all the country bankers in England and Wales are decidedly opposed to the issue of paper under five pounds. [5,556.] Their principal reason is, that they have found from experience, that all the great demands upon banks have commenced through that portion of the circulation, and have indeed been created by the spreading of an alarm which the holders of it were the first to exhibit.

CHAPTER XVII.

Joint-stock Banks established in the country—Mr. Stuckey's Joint-stock Bank and its branches in the counties of Gloucester and Somerset—Management of their circulation—Importance to country banks of the power to issue their own notes—Influence of the branches of the Bank of England in that district—Joint-stock Bank at Manchester.

I. JOINT-STOCK BANKS ESTABLISHED IN THE COUNTRY.

[Dyer, 4,258] According to a statement which was laid before the committee by Mr. Dyer, it appears that down to the month of July 1832, twenty-three joint stock banking companies had been established in different parts of England under the act. [7 Geo. 4. c. 23.] They are as follow:—

"Huddersfield Banking Company, established in 1827; capital 500,000*l.*, and twenty per cent. called up, viz. 100,000*l.* Has a branch at Wakefield.

"Bradford Banking Company, established in 1827; capital, 500,000*l.*; not known how much called up. Has no branches.

"Lancaster Banking Company, established in 1827, upon a limited scale; its cash capital about 20,000*l.* Has three branches.

"Norfolk and Norwich Banking Company, established in 1827. Has nine branches. Capital not known.

"Bank of Manchester, established in 1829; capital, 2,000,000*l.*; fifteen per cent. called up, viz. 300,000*l.* Has two branches, viz. at Stockport and Bolton.

"Halifax Joint-stock Company, established in 1829, upon a small scale, its cash capital being little more than 15,000*l.*

"Leicester Banking Company, established in 1829, upon a limited scale; capital not known. Has one branch.

"Birmingham Banking Company, established in 1829; its cash capital is 50,000*l.* Has one branch.

"Cumberland Union Banking Company, established in 1829, upon a limited scale; its cash capital is little more than 20,000*l.* It has seven branches.

"Stuckey's Banking Company. This was a private bank at Bristol, and took the name of a joint-stock bank after adding a few partners. The partners are about ten in number. They have eleven branches, besides a house in London.

"Manchester and Liverpool District Bank, opened in 1829, by issuing notes, which state upon the face of them, 'Capital 5,000,000*l.* in fifty thousand shares of 100*l.* each.' Was nearly eighteen months without a board of directors. No account of their proceedings has ever been published, and their present paid up capital is therefore unknown. Nine branches open.

"York City and County Banking Company, established in 1830, in five thousand shares of 100*l.* each, upon which 5*l.* per share have been called up, making a capital of 25,000*l.* Has one branch.

"Bank of Liverpool, established in 1830; capital, 2,500,000*l.*, in twenty-five thousand shares of 100*l.* each, upon which 10*l.* per share have been called up, making a cash capital of 250,000*l.*, and a further call of 125,000*l.*—375,000*l.*

"Whitehaven Banking Company; on a small scale, and no particulars known.

"Sheffield Banking Company, established in 1831, in fifteen hundred shares of 200*l.* each, upon which 40*l.* per share have been called up, making a cash capital of 60,000*l.*

"Barnsley Banking Company, established in 1832.

"Darlington Banking Company, Darlington District Bank, Gloucester Banking Company, Knaresborough Banking Company, Wolverhampton and Staffordshire Banking Company, Plymouth and Devonport Banking Company, Stamford and Spalding Banking Company, —all recently established,—no particulars known respecting them."

II. MR. STUCKEY'S JOINT-STOCK BANK.

Mr. Stuckey states that his joint-stock bank, established under the act of 1826, has eleven branches, which are connected principally with the agricultural, but in some measure with the commercial districts. [Stuckey, 927 to 1,005.] They are confined to Bristol and the county of Somerset.* The chief office of the bank is at Langport, where Mr. Stuckey

resides. There also is the residence of the accountant-general, and all the accounts are brought thither every month by means of registers, so that he can always see the state of every concern. As chairman, he exercises a general superintendence, having active cashiers under him, who manage that department, and he has also a resident partner in most of the establishments, a person conversant with the local neighbourhood. Each partner is a general partner in the whole of the transactions; he must be so under the deed of the company. There are in all twelve individuals in the firm, some of whom take charge of two places, where they are near each other. They are all liable by law to the whole extent of their fortune. Mr. Stuckey was a partner in four or five banks* before the act allowed him to blend them together, and he found that he was often very inconveniently situated by one of them, as it were, pulling against the other. He has found the power of uniting them to be productive of the utmost convenience in all branches of his business. He can now have any given number of partners; and by combining local knowledge with this advantage, he has since extended his business, and given great facilities in many ways, which he could not have afforded before.

These different establishments take deposits, upon which they give interest. If they have a deposit above 1,000*l.*, they are entitled to receive sixty days' notice on its being withdrawn; but if it be under that sum, they require thirty days' notice. This is seen on the face of the interest note. But in all cases they do not actually take the thirty days. As a matter of convenience to parties, they sometimes pay the money down, deducting the interest; but that is optional on their part. They pay interest on deposits to the amount of 20*l.*; and they have money of that amount, which has been in Mr. Stuckey's bank (private and joint-stock) for more than twenty years, upon the principle of the Savings' Bank. On small sums they give three per cent.; on large sums not so much. They do not always pay the same rate: they sometimes allow two, and sometimes two and a half per cent.; it depends upon the time for which the deposit is left, and other circumstances. Their deposits notes are always stamped, otherwise they would not be legal; the interest which they bear is mentioned on the face of the instrument.

If a deposit be not conditioned to remain

Chard, Ilminster, Crewkerne, Wellington, Castle Cary, Martock, and Bruton.

* His private bank at Langport was established upwards of sixty years ago.

* These establishments are situated at Langport, Bristol, Wells, Shepton-Mallet, Taunton, Bridgewater

in their hands for a definite time, they give no interest upon it; neither do they pay interest upon a current account. That is not the custom in the county of Somerset; a person having an account current may give a check for his balance any day; and of course, in that case, the banker cannot be expected to give interest. It may have happened that a man has had 500*l.* upon his account, and that he has not demanded any part of it for a twelvemonth; such a man may have said, "You must allow me some interest upon that," and the bank may have done so; but it is not a general rule.

The deposits bearing interest, and those on a running account, are usually equal to the amount of their circulation; those on account being about two thirds of the whole. The money which they take in at interest at two and a half and three per cent., they lend to landlords and farmers at four or five. The accommodation to the farmers, from May to October, takes place to the extent of perhaps 40,000*l.* or 50,000*l.* In those months most farmers are out of cash. They have sold all their stock, they have their harvest to get in, and therefore until October they lean on their banker. For these advances they give their personal security, with perhaps a deposit of deeds, or a joint note where it can be had. Where the bank know a man to be substantial, they sometimes make him advances on account, without any security.

All the branches of this bank issue notes, which are payable on demand not only in the country, but also in London. Upon the face of the notes they are not payable at all the branches, but, in practice, they are paid at every bank. It is doubtful whether, in point of law, they can make their notes payable in London; but the Bank of England and the government said they had no objection to it, and it was accordingly done. It is a great convenience to the public that their notes should be made payable in London, and it can produce no disadvantage to the Bank of England. It is not, however, the custom in many parts of England to make the cash notes payable in London, from which considerable difficulty sometimes arises. According to the existing state of the law, Mr. Stuckey cannot issue notes in London, nor within sixty-five miles of it; nor (having more than six partners) can he draw upon London for any sum under 50*l.*, which is a very material impediment in the management of his business.

The branches of Mr. Stuckey's bank remit to London the greater portion* of the taxes

of the county of Somerset, for the collection of which, as well as for the payment of rents, they afford great facilities. They allow no interest to the collector upon any public money that comes into their hands; they pay it too quickly to do that. The same system of advance which prevails with respect to farmers, exists also as to traders and dealers of every description in the neighbourhood, provided the security be satisfactory. Without such accommodation, the trade of the district could not have been carried on.

(Continued at page 129.)

JUDGE KING'S OPINION,

DELIVERED IN MARCH, 1838,

In the matter of the complaint of Charles Kuhn, Esq. against the Bank of the United States, before Edward King, President Judge.

The complainant in this application states, that on the 8th day of June, 1837, he was, and now is, the proprietor of \$7,029 91, lawful money of the United States of America, which before that date he had deposited in the Bank of the United States, to be paid to him when called for. That on the said eighth day of June, during banking hours, he demanded payment of the said deposit of the proper officers of the bank in gold and silver, which was refused. That on the 24th day of November, 1837, he again demanded payment of his said deposit, in gold and silver, and was again refused. He thereupon prays that I will permit him to make proof of these facts before me, according to the provisions of the 6th and 7th articles of the 4th section of the act of assembly chartering the United States Bank. The provisions of the charter, so far as they are applicable peculiarly to the present case, are found in the 7th article of the 4th section of the act of incorporation, and are as follow:—

"ARTICLE VII. If the said bank should at any time refuse to pay any of its notes, bills, obligations, or deposited moneys, in gold or silver, then at or after the expiration of three months from the time of the first refusal of said bank to pay as aforesaid, it shall and may be lawful for the holder or proprietor of the same, to make application in writing to any judge of any court in the proper county, to allow him or her to make proof of said refusal on oath or affirmation by one or more disinterested witnesses or witnessess, before said judge, whose duty it shall be to give at least ten days notice to the president or cashier of said bank, of the time and place of making such proof, in order that an opportunity may be afforded for rebutting the same by testimony, and if the facts be substantiated, it shall be the duty of the said judge to reduce the same to writing, and to transmit the same to the governor. And it shall be the duty of the governor immediately on the receipt of the written proof above specified, to issue his proclamation, declaring the charter of the said bank to be forfeited. And from and after the tenth day after

Bath, and Frome; they do not send to any other country town in Somerset for that purpose; "and it is to be hoped," says Mr. Stuckey, "that they never will, because every one must admit that they are not fit to go to a country town, where frequently the taxes could not be paid without the assistance of the country banker."—290.

* By a special arrangement, the branch bank at Bristol remit the revenue only from that city, from

the date of the said proclamation, the charter of the said bank shall be absolutely null and void."

The complainant's case, as set forth in his application, being clearly within the act of assembly, I of course issued the required process against the bank. On the appearance of the parties, I proceeded to examine the testimony offered by them respectively, to maintain or rebut the allegations of the complaint; and to hear the questions of law and fact deducible from the testimony discussed by the able counsel representing the bank and the complainant. In the ordinary exercise of judicial functions, in a case so situated, it would now be my duty to decide between the parties litigant, according to the best lights afforded me, by an attentive and dispassionate hearing of the proofs, and a careful and deliberate consideration of the arguments of counsel. On preparing, however, to assume the judgment seat, I am met at the threshold by an obstacle interposed by the complainant, who insists that my functions in this enquiry are simply ministerial, and not judicial; that I am a mere commissioner, to take such testimony as may be offered by the parties, and transmit the same to the governor, in whom alone is said to be vested the authority to decide whether the complaint is or is not proved; and, consequently, whether the bank has or has not forfeited its charter. This doctrine, if sound, renders my duty easy, and free from embarrassment or responsibility—casting the whole on the governor of the commonwealth, a doctrine admirably insouciant to the convenience of the judiciary in a class of cases of doubtful popularity—but in my view of it, alike inconsistent with the separation of executive and judicial functions, contemplated in all our whole scheme of government;—as with the true intent and meaning of the act of assembly under consideration. The better to manifest the strength of this position, let me briefly enquire under what circumstances a citizen may invoke the functions of a judge under this law, in a complaint against this, or any other bank chartered by the laws of Pennsylvania!—*what facts must be exhibited to such judge, and in what manner; previous to his reducing such facts to writing and transmitting them to the governor.*

The applicant must be the "holder or proprietor" of a note, bill, or obligation of the bank, or of "deposited moneys," which the bank has refused to pay "at and after the expiration of three months, from the time of the first refusal of said bank to pay as aforesaid." Proof of these facts must be made "on oath or affirmation by one or more disinterested witnesses"—"an opportunity" must "be afforded for rebutting the same by testimony" to the bank, and "if the facts are substantiated," it becomes "the duty of the judge to reduce the same to writing, and transmit the same to the governor." In every step of this process, judicial functions, and many of them of the utmost urgency, are required to be exercised. Whether a party is the "holder or proprietor" of notes or deposited moneys, may often involve the most intricate questions of law and fact. If, for instance, the alleged holder has parted with his note to a third person, or received payment of it from the bank in any satisfactory way before the hearing—if the holder is not the true "proprietor," but seeks to obtain payment in fraud of the rights of a bona fide owner, whose interest the bank seeks to protect:—or if in the case of deposited moneys, payment by the bank is arrested by a foreign or domestic attachment; or by an injunction issued by a court of competent equity jurisdiction:—in all these, and many other cases which might be suggested, the judgment must not only determine, whether in point of fact the alleged owner or proprietor of the moneys claimed is

truly such; but whether in point of law, he is such an owner or proprietor as the act contemplates. Again—the judge in a complaint by a depositor, must decide whether the applicant is the "holder or proprietor" of "deposited moneys; for to such depositors only does the summary remedy provided by the act apply. The solution of this question not only involves the fact of a deposit, but its nature. One of the questions in this case exemplifies this position. The deposit here was principally in the notes of non-specific paying banks, and if it is competent for me to decide any thing in the case, I must determine whether such a deposit is of "money" which the bank must satisfy in gold or silver, if so required by the depositor. Further, it would seem that the holder can only apply to the judge to take his proof, if the bank has refused payment, "at and after the expiration of three months from the time the first refusal" to pay his demand. What constitutes such a first or second refusal, may be a question of law as well as a question of fact; a principle again exemplified by the case before me. Although the applicant alleges a demand on and a refusal by the bank, on the 24th of November, it is not pretended that any demand was made on that day, other than by the institution of an action by the complainant against the bank in the District Court of this city, for the recovery of the amount of his deposit. Whether then a suit at law is such a demand and refusal as is within the purview of this act, is an unmixt question of law, to which the judge as such must judicially respond. To pursue this reasoning even at the hazard of tediousness still further, the judge can only receive proof of the applicant's case from "disinterested witnesses," and of course must decide whether a witness offered by him is "disinterested." He must afford the bank "an opportunity for rebutting" the applicant's case, and it is only when the facts are substantiated, "that he is to reduce them to writing, and transmit them to the governor." The distinction between evidence and proof, between testimony and facts, is familiar to the legal mind. Proof is the conclusion derived from evidence. Facts are ascertained from the judgment we form of the credibility of witnesses, and the inferences we make from circumstances submitted to our consideration. That which may be legally submitted to any forum to enable the judge to decide the point in dispute, is evidence; the conclusions drawn by the judge from the evidence so submitted, comprise "facts" of the controversy. To "substantiate the facts" of a complaint to a judge in any matter litigated before him, is to exhibit such evidence as satisfies his mind that the right of the case is with the complainant, and the result is his adjudication to that effect. Not only, however, must the facts averred be "substantiated," but clearly they must be facts tending to establish a complaint within the law; for I presume it hardly could be seriously contended that a judge under this law is bound to entertain any other than a complaint within the law. If this be admitted, then must the judge not only determine on facts, but he must construe the law; and in doing so, of necessity exercises a judicial function of the highest importance—the ascertainment of the true intent and meaning of the lawgiver.

If any thing can make the point under consideration clearer, it is the clause prescribing the duty of the governor. It is as follows: "It shall be the duty of the governor immediately on the receipt of the written proof above specified, to issue his proclamation, declaring the charter of the said bank to be forfeited." In what part of this clause is it discernible that it is the exclusive duty of the governor to decide whether the proof exhibited by the complainant sustains his application for relief? Not in the letter of the law, certainly,

for nothing of the kind can be found in its requirements. If we take the language literally, the duties of the governor would seem to be executive; merely to carry the decision of the judge into effect. If the argument of the applicant had for its object a denial of any authority in the executive to decide on the law and the facts arising under such an application, it would certainly possess as much plausibility as that which refuses it to me. If the reasoning should prove equally successful with both judge and governor, influencing each to decline the exercise of any judgment on the case, the strange result would be produced, of property to the amount of millions guaranteed under solemn charters, being swept away on a charge of infraction of corporate duties, without any decision of guilt or innocence on the point of alleged delinquency being had from any tribunal, executive or judicial. So monstrous a proposition carries with it its own refutation; and the doctrine involved in it never did nor never can exist as a feature in the legislation or jurisprudence of Pennsylvania.

In thus illustrating my opinion on the question before me, by referring to the duties imposed on the governor by the law under consideration, I am not to be understood as determining what might be his duty in any given case presented for executive action. Such a decision would be uncalled for, and extra-judicial. All that I mean to assert is, that the exclusive power of deciding on the merits of this case claimed by the applicant for the governor is, by no means, as clear as that vested in the judge by the plain and express words of the law. I am not, therefore, to be understood as in any way anticipating what ought to be the proper action of another department of government when its functions are invoked according to law. That question has not been now argued, nor can it be decided.

After the decision of Judge Jones in the former case, presented by this applicant, it was the anxious desire of the judges of this court, that the question as to the nature of our duties under this act of assembly, should be submitted to determination of the Supreme Court. With this view we requested his counsel to apply to that court for a mandamus to either Judge Jones or myself. If that course had been pursued, and the Supreme Court had been of opinion that the duty of a judge under this act was merely ministerial, they would have awarded a peremptory mandamus, supposing no difficulty to exist in directing a judge to do a ministerial duty. On the contrary, if the opinion of the Supreme Court had been in accordance with that now expressed, the direction would have been simply to proceed to judgment. This course can still be pursued by the complainant if he thinks proper. Should he do so, and the decision of the Supreme Court be adverse to the views now expressed, I will cheerfully surrender my own judgment, and proceed to execute the law as expounded by that authoritative tribunal.

This important preliminary enquiry being disposed of, I shall proceed to the consideration of the main question.

It appears that Mr. Charles Kuhn was a depositor in the Bank of the United States previous to the suspension of specie payments by our banking institutions; and that at the time of the last settlement of his account, on the 16th of May, 1837, there was standing to his credit \$832 88.100. Of this sum he drew \$494 previous to the 5th of June, on which day he deposited \$7,180, increasing his balance to \$7,518 88. On the 6th and 7th of June, he drew \$488 97, making his credit that day \$7,029 91.100. This amount was the balance of his last deposits of the 5th of June, is previous credits being absorbed by his drafts. In banking accounts, the first sum paid in is presumed to be the

first sum drawn out. It is the first item on the debit side of such an account that is discharged or reduced by the first item on the credit side—1 Mercaville 808, 1 Simons 391, 1 Rawle 294. On the 8th day of June, three days after his large deposit, he drew a check on the bank for \$7,029 91.100, which, at his request, was presented by Mr. George Heyl, notary public, and specie demanded in payment of it, which being refused by the cashier, constitutes the first refusal set forth in his complaint. The circumstances connected with this deposit on the 5th, and refusal to pay in specie on the 8th of June, I will now consider in the order in which they occurred.

Charles Iddings, the second or receiving teller of the Bank of the United States, a witness produced by the applicant, stated substantially as follows: That the entry on the applicant's book "June 5, 1837, cash \$7,180," was in his hand-writing; "that the deposit was all made in Philadelphia bank notes, except a check on them for \$2,500 or \$2,800 of Mr. Davrienz"—"that no portion of the deposit was made in gold or silver"—that the witness thought "that Mr. Kuhn made the deposit in person"—that "there was some little conversation between them when he made the deposit, the precise words of which it was not in his power to tell—they amounted to the fact, that he was made to understand that this was a conditional receipt of money according to the terms that he was seen reading in a notice posted up at his (witness's) desk." The notice referred to by the witness was in these words:—

"NOTICE.

"All deposits of bank notes, and checks, and drafts of every description, made in this institution after this date, will be payable in current bank notes of the city of Philadelphia. Bank of the United States, May, 23, 1837."

The witness being further examined, stated "that he had given all he could of the conversation with Mr. Kuhn"—that "the notice was nailed to a board within a foot of the depositor"—that "he was at a loss to determine what led to the conversation"—that "his impression was, that it was a question put by him"—that "it might have been voluntary on the witness's part, which was frequently the case"—that "it was his invariable practice to stick the notice in the bank books where it was practicable"—that "the absence of the porter, by whom this was done, made it, on many occasions, impracticable; and when it was not done, he made it a point to have the subject introduced somehow or other, to the customer:—that "the notes deposited, were not the notes of their bank, but were notes of non-specie paying banks;" and that "it was his instructions to mark in place of the words "cash," current bank notes;" but, "from the force of habit, he sometimes forgot to do so."

To this point the bank produced Joseph D. Meredith, who deposed that, "he is a clerk in the Bank of the United States, and was so on the 8th of June, 1837"—that "he was present when Mr. Kuhn made the deposit in question"—that "he came to the deposits desk in the usual way, to make a deposit, and that from some cause, having received an impression that he (Mr. Kuhn) was unfavourable to the bank, he, for that reason, from the moment he saw him, watched his motions:—that "he came to the desk first, and then went away"—that "he went behind the receiving desk, which has a barricade about the height of his head, on which was placed the notice"—that the witness "could not see the notice from his position inside the counter, but that, as well as he could see, he was reading it:—that "he was on the same side with the notice, which

was below his head, and with the line of ordinary vision"—that "he could not avoid seeing it, it being put there for that purpose"—that "his eyes were directed to where the witness knew the paper to be"—that "he remained there from five to ten minutes, and then returned to his former station at the deposit desk, and handed in his money for deposit, the teller receiving it"—that "the teller, after receiving it and handing back the book, made some remarks about the bank not paying specie"—that the witness's "impression now is, that the teller wanted to put one of the notices in the book by letting the porter do it"—that "he was not certain, but that this was his impression"—that "Mr. Kuhn made some objection, and some conversation passed, which the witness did not hear"—that "he, the witness, called Mr. Iddings' attention to Mr. Kuhn, before he made the deposit." On his cross examination, Mr. Meredith stated "that he did not recollect any of the conversation between Mr. Iddings and Mr. Kuhn, except generally, he (Mr. Kuhn) seemed to object to the putting of the notice into the bank book."

The facts connected with the first demand and refusal of payment in specie, were derived from the testimony of Mr. Heyl; who deposed, that "on the 8th of June, by the direction of Mr. Kuhn, he went to the Bank of the United States with his (Mr. K.'s) check, for \$7,029 91, and presented it to Mr. Jaudon, the cashier, demanding specie payment, requesting him, if he should refuse payment in specie, to give his answer in writing"—that Mr. Jaudon gave the witness his answer in writing in the following words: "The check for \$7,029 91 will be paid in current bank notes of the city of Philadelphia, the deposit against which said check is drawn, having been made in said current notes under a notice from the bank, that such deposits would be repaid in such current notes only." The witness further deposed, that after giving him the answer required, Mr. Jaudon took him to the desk of the paying teller, Mr. Patterson, who tendered him current bank notes of the city of Philadelphia, for the amount of the check, which he declined receiving; and that the refusal of specie and tender of current notes, "were one transaction."

The only evidence of the demand said in the application to have been made on the 24th of November, consisted in the exhibition of an ordinary summons in case issued out of the District Court on the 23d of November, in which Charles Kuhn was plaintiff, and the Bank of the United States defendant. No other demand or refusal on that day was pretended.

From the testimony I am to determine: first, what in point of fact was the nature of the deposits made by Mr. Kuhn in the Bank of the United States on the 5th of June last, and what is the legal obligation imposed on the bank by the receipt of his deposits;—second, what was the nature and legal effect of the alleged demand on, and refusal by the bank, to pay his deposits in gold and silver, said to have been made on the 8th of June and 24th of November respectively.

On the fullest consideration of the testimony, together with the attendant circumstances, I can come to no other conclusion than that the deposits made by Mr. Kuhn on the 5th of June, was received by the bank to be paid in "current bank notes," of which Mr. Kuhn had notice before making his deposits. The evidence of Mr. Iddings is full to the point, and the manner and deportment of this respectable witness carries irresistible conviction to my mind that his testimony is that of honesty and truth. He states positively and unequivocally that Mr. Kuhn examined the public notice of the bank to its customers; and he is equally positive that Mr. Kuhn's attention was drawn by him to the terms on which his deposit would be received. The

testimony is fortified as well by the concurring circumstances as by the confirmatory evidence of Mr. Meredith. It is admitted as a fact of public notoriety, that previous to the 8th of June the banks of this city had suspended specie payments, and that their notes were no longer convertible into gold and silver at the option of the holder. It is in proof that on the 22d of May the Bank of the United States gave notice to its depositors, by placing a formal announcement to that effect in the most open and accessible part of their banking-house, that from that date they would receive deposits of "notes, checks, or drafts," payable only in "current bank notes." It is a fact, that on the day this deposit was made, bank notes had depreciated in the market seven to nine per centum. Under such circumstances can any fair presumption be made that the bank would have received the "notes and checks" of Mr. Kuhn on other and different terms from those under which they acted towards their customers universally? All inferences drawn from the ordinary course of human action and conduct, go to sustain the positive oath of Mr. Iddings, and make his statements consistent with the natural course of events. As one ground of faith in human testimony is experience, it necessarily follows that such testimony is strengthened or weakened by its conformity or inconsistency with our previous knowledge and experience. The evidence of Mr. Meredith also sustains him. That gentleman saw Mr. Kuhn enter the bank; observed him looking in the direction of the notice, which was close to him, and in the direct line of vision; and that, being under the impression that Mr. Kuhn was not friendly to the bank, he particularly noticed him himself, and likewise called the attention of Mr. Iddings to him before the deposit was made. It is true that Mr. Meredith is under the "impression" that Mr. Kuhn objected to the notice being placed in his bank book, which circumstance is not stated by Mr. Iddings. Yet, supposing Mr. Meredith's "impressions" are correct, they only trace the notice more clearly home to Mr. Kuhn. The question now is, not whether Mr. Kuhn agreed or disagreed to the alleged proposal of Mr. Iddings to paste a copy of the bank notice in his book; but whether, on the 5th of June, when he made his deposit, he had notice that the Bank of the United States would receive deposits of "bank notes and checks" only on condition that the depositor would agree to receive them in "current bank notes." The "impressions" of Mr. Meredith, therefore, which were given with the utmost frankness and candour, and with the most manifest anxiety to state nothing positive in which his recollection was not distinct, to my mind in no way affect the precise statements of Mr. Iddings. "I know not," says Dr. Paley, "a more rash and unphilosophical conduct of the understanding, than to reject the substance of a story by reason of some diversity in the circumstances with which it is related. The usual character of human testimony is substantial truth under circumstantial variety. This is what the daily experience of courts of justice teaches. When accounts of a transaction come from the mouths of different witnesses, it is seldom that it is not possible to point out apparent or real inconsistencies between them. These inconsistencies are studiously displayed by an adverse pleader, but oftentimes with little impression on the minds of the judges."

My judgment being that this deposit was made and received payable in "current notes," the question as to the nature of the obligation imposed on the bank in accepting such a deposit, remains for decision. The applicant insists that having credited his deposit as cash, the bank is bound to pay him in specie; the notice given him before taking his deposit to the con-

lrary notwithstanding. If this was a question between citizen and citizen, it would hardly admit of discussion. The contract between them would be ascertained by what was said and agreed to, at, and before the time it was consummated; and the use of an equivocal or mistaken expression at the time of reducing it to writing, could not operate to defeat the truth of the agreement. Law and equity in Pennsylvania both concur in this great principle of moral justice. The effect of an agreement to pay in current bank notes is fortunately for this case not new. In the case of *Robinson v. Noble*, administrators, 8 Peters 181, it engaged the attention of the *Supreme Court of the United States*. There Robinson agreed to pay Noble a certain sum in "the notes of the Miami Exporting Company," for the freight of certain merchandise. The effect of this part of the agreement was considered by the court, who say,—"The express provision of the contract shows that the payment was not to be made in specie, or what was equivalent to specie. The notes of the Miami Exporting Company were substituted by the parties as the standard of value which should discharge this part of the contract, and the payment of those notes, or any other of equal value, was all that Noble had a right to demand." "Had these notes been equal to specie on the day of payment, Robinson was bound to pay them, or what was of equal value. If they had depreciated to fifty cents in the dollar, Noble was bound to receive them in discharge of the covenant. Each party incurred a risk in the fluctuation of value of the notes specified; and nothing could be more unjust or opposed to the spirit of the contract, than to require Robinson to pay in specie the nominal value of the notes." In the case of *McCormick v. Trotter*, 10 *Serg. & Rawle*, the question arose whether a promissory note for \$500, payable in bank notes of the chartered banks of Pennsylvania, was a promissory note for the payment of money, and as such negotiable under the custom of merchants. The court decided that it was not such a note, for, says Judge Duncan, if it were, "the holder of the note might refuse to receive any thing but specie, contrary to the special agreement of the parties."

Recently in the case of *Gray and Donohue*, 4 Watts, 400, decided at Pittsburgh, in September, 1835, the case of a promissory note, payable in "current bank notes," arose, and the question was, whether such a note was payable in money, and therefore negotiable. Judge Sergeant, in delivering the opinion of the court, in the clear and lucid manner which characterizes that eminent jurist, thus sums up the true doctrine on this subject: "No principle is better settled," says the judge, "nor more necessary to be maintained, than that bank notes are not money in the legal sense of the word. They are not a legal tender as money either in the ordinary transactions of business or in the collection of debts by legal process. *Coins struck at the mint or authorized by act of congress are alone lawful money.* Bank notes are merely promissory notes for the payment of money, ordinarily, it is true, convertible into coin on demand at the bank where they are issued. But their value is fluctuating and precarious; different at different distances from the place of issue, and even then depreciated below the par of gold and silver, though they may continue to pass current from hand to hand, and constitute a part of the circulating medium of the country. A note for payment in current money is then an engagement to pay in a kind of property consisting of promissory notes or choaes, an action which the parties have chosen specifically to contract for, but which may or may not be equivalent to money, and cannot therefore be considered a promise to pay money in a legal or

commercial sense. THE CREDITOR HAS NO RIGHT TO EXACT SPECIE IN PAYMENT OF SUCH NOTES: HE IS BOUND TO ACCEPT CURRENT BANK NOTES, HOWEVER INFERIOR IN VALUE." It would be an idle waste of time to quote further authorities, although they might be multiplied, to prove that under a contract to pay in current bank notes, a party cannot demand specie, but is only entitled to receive such notes. The same rule of law which applies to individual contracts, equally applies to those made by banking or other corporations, unless there is something expressed in their charters which forbids such corporations making such contracts. The force of this argument is felt by the applicant's counsel, who seeks however to meet it by asserting that the Bank of the United States had no legal right to make such a stipulation: and that the condition being void in law, the obligation of the bank to pay deposits in specie remains, and this whether the deposits originally was in specie or its equivalent, or in the inconvertible paper of non specie paying banks. This would be truly a harsh rule, and in the abstract an unjust one, and it is of course incumbent on him who asserts it to prove its existence. This has not been done either by authority derived from the common or statute law of Pennsylvania. It has been in vain sought after in the act chartering the bank, or in any general statute regulating the banking institutions of the state. Nothing of the kind has been made apparent, and of consequence I must infer that no such legal principle exists. Such a rule would be manifestly an inconvenient one to the community. It would deny to a bank the right to receive any special deposits. No one, however, disputes this right, or denies the convenience of it. Now what is a deposit of "notes, checks, or bills," payable in "current bank notes" but a special deposit, the result of mutual contract between the bank and the depositor. Neither the thing deposited, nor that in which it is to be returned, are "money," being both chosen in action, and it is only in the case of "deposited moneys," that the act of assembly gives the relief prayed for in this application. The result of my opinion is, that neither in fact nor in law, has the applicant sustained his allegation, that on the 6th of June, 1837, he was the owner or proprietor of \$7029 91, "lawful money of the United States of America," on deposits in the Bank of the United States, payment of which he had the right to demand in gold and silver.

I have not failed to consider the circumstance mentioned in the argument, that the sum of two thousand five hundred dollars of the deposit made by Mr. Kuhn on the 5th of June, was in the check of Mr. Davrieux on the Bank of the United States.

For various reasons, this circumstance can have no influence on the conclusions I have arrived at on this application. In the first place, the notice traced to Mr. Kuhn, embraced all "notes, checks or drafts;" not making any distinction between a check on the Bank of the United States, from a check on any other bank, and there is no reason why it should have done so, that being equally a non-specie paying bank with the rest. I am also strongly inclined to the opinion, that if an individual for his own convenience, should even deposit gold or silver in a bank, agreeing to receive in return for it "current bank notes," he could demand nothing else. The case of *Warren vs. Mauris*, 7th Johnson, 415, fully sustains this position. That case arose under a contract to convey lands on a given day, in consideration of \$300 to be paid by the purchaser. Before the day of payment, the seller agreed to receive bank bills in payment, which were accordingly tendered to him. In an action for breach of contract in not conveying, the defendant took the ground that the tender made to him of payment in

bank notes was not legal. But say the court, "It was competent to the plaintiff to show that before the day of payment the defendant had agreed to accept bank bills as cash, and had *dispensed with the necessity of a tender in gold and silver*. The tender in bank bills, was consequently good at the day, *by reason of previous waiver*." But the ground most conclusive to my mind on this point, is, that the demand made of the bank on the 8th of June, by Mr. Heyl, the agent of Mr. Kuhn, was for a gross sum of \$7029 91.100, the *full amount* of Mr. Kuhn's balance; and not for any particular part of it; and that the refusal was of the demand as made. Whatever may be right of a party in an ordinary action of debt to recover less, although he demands more, this doctrine cannot apply where a penalty or forfeiture of franchise is sought to be enforced as a consequence of such refusal. I have shown that the applicant had no just or legal claim to receive from the bank the sum of seven thousand dollars and upwards, demanded by him in specie, and that of consequence, their refusal to pay him that sum was right and proper. Even then admitting, for the sake of the argument, that he had a claim on them for payment in specie of \$2,500, it would be monstrous to say that the bank incurred the forfeiture of its charter, because it refused to pay him a sum almost three times as large. This would be preferring one charge on the accusation, and convicting the accused on the trial of another. How in such a case could it appear to the judge, but that if the party had made his demand according to his true claim, it would not have been complied with? Forfeitures and penalties are strictissimi juris, and he who seeks to enforce them, must make out his case clearly.

The decision on the first point of the case having entirely disposed of the application, it will be unnecessary for me to dwell on the question of the adequacy of the demand and refusal. I will, however, briefly notice it. The first demand—that made by Mr. Heyl, on the 8th of June, was perfectly regular, had the rights of Mr. Kuhn been co-extensive with it. But there is no testimony adequate to establish a second demand on the 24th of November, as is averred in the application to have been made on that day. It is true, that Mr. Kuhn, on the 23d of November, sued his writ of summons out of the District Court, against the Bank of the United States, a copy of which was duly served on the Bank. By the writ thus served, no specific demand is made for any thing; the plaint being generally stated to be a plea of trespass on the case. If the service of one of the most vague of legal writs could be regarded as a demand, surely it cannot be regarded as a refusal in the bank to pay Mr. Kuhn in specie; and it is from the refusal to pay specie, that the consequences imposed by the act of assembly arise. If the institution of a suit is a sufficient second demand, and refusal of such a demand is required, it would be an adequate first demand: and by proceeding in this way a bank might have its charter forfeited without ever having actually refused payment of its notes or deposits moneys in specie. The demand, however, required by the act of assembly, is a demand in fact, an actual demand, not one arising from legal implication. It is such a demand as is required to be made of a drawer of a dishonoured note or bill, in order to charge the endorser; such a demand as is required to be made in order to maintain an action of trover and conversion;—such a demand as is required to be made to enforce a clause of forfeiture for non-payments of rent: an actual demand in fact, as well as law. In this particular, also, the application is not substantiated.

On full consideration of the whole case, I decline reducing the testimony to writing, and transmitting it to the governor: the applicant not having, according

to my judgment, "substantiated" the "facts" of his case. In this opinion Judges RANDALL and JONES, who sat with me during the hearing, at my request, fully concur. The judgment, although formally mine, is, in fact, that of all the judges of the Court of Common pleas.

Application dismissed.

DOMESTIC INTELLIGENCE.

From the Natchez Courier of July 12.

IMPORTANT DECISION.—Two motions for new trials came up to-day, before Judge Coalter, presiding in the Circuit Court here, and were argued upon the following points.

They were suits brought by the Planters' Bank against separate individuals, as endorsers upon promissory notes, discounted, the one by the Planters' Bank, and the other by the United States' Branch Bank at this place, and transferred to the former. The defence set up on the trial at the last term of the Court was, that the contracts were void, inasmuch as the Banks in discounting the notes, calculated interest by "Rowlett's interest tables," which divides the year into 12 months of 30 days each, giving it but 360 days, which necessarily gave more interest than the law allows *per annum*. That it was therefore a corrupt agreement, and the contract consequently void. The plaintiffs' attorney urged that this was the general custom, adopted for mere convenience—that the contract was not intentionally corrupt, but was made in good faith and valid. That moreover the law fixing the rate of interest, attached no penalty in case of excess being taken, and that therefore the objection could not extend further than the actual excess, whatever it might be. The verdict of the jury was in favour of the plaintiff.

The motion made for the new trial by Judge Montgomery, who defended the suits, was simply that the verdicts were "contrary to law and evidence," and he waived an argument on the subject. S. S. Boyd, Esq., the Attorney for the plaintiffs urged at considerable length before the Court this morning, that the verdicts ought not to be set aside.

Judge Coalter sustained the motion, and set aside the judgments, upon the ground that the evidence was clear that the interest calculated upon the notes was done by the plaintiffs, knowing that the mode of calculation would give them a fraction over the stipulated terms of interest, allowing the year to contain 365 days. That it was therefore "corrupt," and that the Court could not interfere to enforce the conditions of an illegal contract.

The question will, I presume, go to the High Court of Errors and Appeals before a final termination.

BRANDON BANK OF MISSISSIPPI.—A correspondent of the Nashville Whig, under date of Brandon, July 12th, says great injustice has been done to the Brandon Bank, by certain editors at Vicksburg, and elsewhere, in giving circulation to idle rumours—that a reaction will soon take place, and the paper of this abused institution will be equal to any in Mississippi. The Bank's circulation is said to be over three millions. In the course of 90 days it is expected to have one million in specie—and be ready to resume with the other banks of the State.

It appears that the number of General Banking Associations of Michigan, as filed in the office of the Secretary of State, is forty-two. Of these, one has a capital of \$150,000—twenty have capitals of \$100,000—and the remainder have capitals of \$50,000 each.

The appropriations made during the first and second session of the twenty-fifth congress, amount to 38,413,064 87. For the civil and diplomatic service, eight millions, two hundred and fifty-two thousand, three hundred and sixty-two dollars and twenty-two cents. Under the latter are some curious items. Thus for the paper mint at Washington twenty thousand dollars, while the expense of the constitutional mint in this city is thirty-five thousand dollars. Expenses of the Smithsonian legacy, five thousand dollars. Renewing the roof of the new mint at Charlotte, North Carolina, two thousand dollars. The general heads of expenses are:

For the support of the Government, and suppression of Indian hostilities for the year 1837,	\$2,109,000 00
Civil and Diplomatic,	8,252,360 22
Army,	5,127,860 10
Fortifications,	1,015,415 00
Protection of the Northern frontier,	625,500 00
Navy,	6,062,136 30
Revolutionary and other pensioners,	2,058,532 62
Current expenses of the Indian Department,	3,002,427 73
Preventing and suppressing Indian hostilities,	7,739,410 41
Harbours,	1,535,008 53
Light-houses,	307,010 36
Miscellaneous,	540,300 00
Private claims,	45,103 60

\$88,413,064 87

The Exchange Bank of Virginia received from Philadelphia, on Tuesday, July 24, \$533,000 in specie, the proceeds of the Treasury Drafts held by the United States Bank to the credit of the Exchange Bank. As this institution will now be possessed of more than the amount of specie required by law to be held in its vaults prior to commencing operations, the proclamation of the governor to that effect will no doubt be at once issued, and the bank commence business.

Tennessee Banks.—The Nashville Whig of the 6th inst. says that there is no doubt that the Banks in that city will resume specie payments on or before the first of January next, and that that day would probably be fixed on, and officially announced on the return from the east of the Presidents of the Planters' and Union Banks.

SALES OF STOCK AT PHILADELPHIA.

August 29.

3726 State Fives, 1850,	102	100
42 shares Girard Bank,	53½	50
4 " Vicksburg Bank,	87½	100
28 " " "	87½	
8 " Grand Gulf Bank,	88	100
7 " " "	87½	
7 " American Ins.	24	25
60 " Northern Liberties	26	
20 " Wilmington Railroad,	46	50
100 " Norristown Railroad,	26	50

SALES OF STOCK AT NEW YORK.

August 18.

125 shares U. S. Bank,	123
1125 " Del. and Hudson Canal,	84½
135 " Vicksburg Bank,	87
169 " Ohio Life and Trust,	108
85 " Kentucky Bank,	93½
235 " Mohawk Railroad,	74½
90 " Patterson Railroad,	73½
360 " Harlem Railroad,	71½

200 shares N. J. Railroad & T. Co.	104½	104½
250 " Stonington Railroad,	67	67
400 " Boston & Providence R.R.,	104½	105
25 " Utica Railroad,		119
25 " Long Island Railroad,		58½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

August 18.

Bills on London, 60 days sight,	84 a 9	p. cent. prem.
" France,	5 20 a 5 25	fr. p. doll.
" Holland,	39½ a 40	cta. p. guild.
" Hamburgh,	35½ a 35½	cta. p. mc. ba.
" Bremen,	79 a	— cta. p. rix doll.
" Boston,	par	a ½ discount.
" Philadelphia,	1½ a 1½	do.
" Baltimore,	1 a 1½	do.
" Richmond,	1 a 1½	do.
" N. Carolina,	3½ a 4½	do.
" Charleston,	2½ a 3½	do.
" Savannah,	5 a 6	do.
" Augusta,	5 a 6	do.
" Mobile,	10 a 11	do.
" New Orleans,	5 a 6	do.
" Louisville,	3 a 4	do.
" Nashville,	10 a 12	do.
" Natchez,	14 a 14½	do.
" St. Louis,	5 a 6	do.
" Cincinnati,	3½ a 3½	do.
" Michigan,	10 a 12	do.
" Detroit,	4 a 5	do.
American gold,	7	premium.
do. now coinage,	par	a ½ do.
Spanish dollars,	2½ a 3½	do.
Carolas do.	5 a 6	do.
Mexican dollars,	½ a 1	do.
Half dollars,	par	
Five-franc pieces,	93 a 94	cents each.
Doubloons,	\$16 30 a \$16 40	do.
do. patriot,	15 35 a 15 45	do.
Sovereigns,	\$4 85	each.

WEDNESDAY, AUGUST 22, 1838.

THE BANK OF HAVRE.

A friend has placed in our hands a copy of the charter of the Bank of Havre, established by an ordinance of the King, under date of 25th August, 1837, from which we have translated the following abstracts.

The Bank is one of discount, deposits and circulation, and its charter is to continue for twenty years. Its capital is four millions of francs, (near \$750,000,) with liberty to increase it, with the approval of the government, divided into shares of 1,000 francs each, (about \$187.) The whole capital to be paid up before the Bank goes into operation.

"The Bank is allowed in no case, and under no pretext whatever, to engage in any operations than those which are permitted by the charter. These operations are to discount bills of exchange, and commercial obligations payable to order within the arrondissement of Havre, and in the cities of Rouen and Paris.

2. To take charge on the account of individuals, and of the local authorities, and public establishments, of such effects as may be handed over to it for safe keeping.

3. To receive on deposits without interest, any sums

that may be offered, and to repay the same on orders or checks.

4. To take care of title papers, bullion, money and articles of gold and silver of every kind, that may be deposited for safe keeping.

The bank may make advances upon deposits of bullion or plate, and on public securities, for such length of time and at such rate of interest as its by-laws may determine.

It may invest its surplus profits as well as its capital in the public stocks of France, and may hold real estate sufficient for its accommodation.

The bank can only discount commercial paper having ninety days and less to run, and having upon it at least three names of persons of known solvency, of whom one must reside in Havre, or two names with a collateral security of the stock of the bank, or government stock, or stock of the city of Havre. *But no accommodation paper, created without value received, shall be discounted.* The rate of discount shall be regulated by the Council General. (Board of Directors.)

The Bank may issue notes payable to bearer on demand, for 1,000, 500, and 250 francs. It may also issue post notes of the same amounts. The amount of notes in circulation, and of deposits payable on demand, united, shall never be greater than three times the amount of specie in the vaults. The bank possesses the exclusive right of issuing bank notes in the city of Havre.

The bank must furnish to the Prefect of the Lower Seine, every six months, and oftener if he requires it, a statement of the condition of the bank. It must also furnish him weekly comparative statements of the specie on hand, and of the notes in circulation, and the amount of the deposits, and he has a right to demand such verifications of these statements as he may consider necessary. The right to revoke the charter, in case of a violation, is reserved to the government, saving the rights of third parties.

Dividends of the profits are to be made semi-annually. When the profits exceed two per cent. for six months, one fourth of the excess shall go to constituting a reserved fund, and the residue shall be divided. If the profits do not reach two per cent., the deficiency is to be supplied from the reserved fund. After the reserved fund shall equal one fourth of the amount of the capital, all the profits may be divided, unless that fund should become deficient, in which case the deficiency is to be replaced as before.

The stockholders shall hold a general meeting once a year, and shall elect the Council General. No stockholder, who is not a Frenchman, can vote, except he shall have resided at Havre at least five years. No proxies are allowed, and each stockholder has one vote, whatever number of shares he may hold. Special meetings may be called by the Council General, when it may be deemed expedient.

The Council General is composed of nine regents and three censors, the former having a deliberative voice, the latter only a consultative one. The regents and censors shall be chosen for three years, one third renewed every year, and are always re-eligible. Their

services are gratuitous, except the mere fee of attendance. They are to assemble at least twice a month, and to prepare the annual statement to be submitted to the stockholders, to establish rules for managing the general concerns of the bank, and appoint a *Director*, (President,) who shall have, in the name of the Council General, the direction of the affairs of the bank. The discounts are to be made by a council of discounts chosen from persons out of the Council General, in conjunction with one or more regents.

In case the capital of the bank should by misfortune be reduced one half, it must wind up its concerns.

SPECIE PAYMENTS were resumed in full on the 13th inst. by all the banks in the following places, many having in fact made partial payments for some days in anticipation—Boston, Philadelphia, Wilmington, Baltimore, Washington, Alexandria, Georgetown, D. C. Pennsylvania throughout, Norfolk, and a few banks in different places besides.

There does not appear to have been any where an extraordinary demand for specie, the amounts called for having been unexpectedly small. When it is recollected, that ever since the suspension the banks in the above places have by a gradual reduction of their loans diminished the amount of the paper currency so as to render it very nearly equivalent to specie, the result, it is manifest, could not have been otherwise. The heaviest demand appears to have been made upon the Bank of the United States, on New York account, which was settled by a draft on that city, where the money was wanted, for the amount, which is said to have been about \$500,000. For local purposes the demand did not exceed \$17,000, and probably the calls upon the whole sixteen banks of Philadelphia, did not exceed fifty thousand dollars.

Governor Pennington, of New Jersey, has issued a proclamation under date of 15th inst., agreeably to the requirements of law, commanding all the banks of that state to resume specie payments within fifteen days from that date. The Farmers' Bank has already resumed in anticipation.

Business in New York and Philadelphia is reviving after a long dullness. Money can be easily obtained at either city from the banks on first rate business paper at short dates, but is worth in the market from 9 to 18 per cent., according to the quality of the security.

All the Charleston banks, with the exception of the State Bank, resolved on the 2d inst. to resume specie payments on the 1st of September.

TERMS.

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OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, AUGUST 29, 1838.

No. 9.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 121.)

III. MANAGEMENT OF CIRCULATION.

[Stuckey, 1,006] The circulation of Mr. Stuckey's joint-stock bank is stated as follows:—

"In June 1830, it was	£155,000
Dec. 1830,	150,000
June 1831,	180,000
Dec. 1831,	150,000
June 1832,	170,000."

The cost of this circulation is calculated at about two per cent. per annum, [1,110.] including the price of paper and printing, the stamps, the reserve kept at the different establishments, and the sum retained in the hands of their London banker. The profits are supposed to average between two and three per cent. per annum. [1,179.] Their profits, like those of all other bankers, [1,009,] are derived from the interest on the sums of money which they have in circulation, and on account. Part of the advances which they afford to their connections are made upon securities that are at any time convertible. They hold it as a principle of banking, that they should always be enabled to provide for the whole of their circulation, either by specie or Bank of England notes in store at home, or at the Bank of England branches, or by having government securities in cash with their London banker, to the full extent; that is to say, they have available securities always ready to get in in a day, to pay the whole amount of their circulation. The reserve of bank notes and coin necessary to be kept at [1,113] the different establishments varies according to circumstances. In ordinary times, a reserve of 2l. in every 20l. is amply sufficient. But if periods of alarm arise, then the

reserve must be increased. A less amount of gold is now kept than formerly, [1,114,] owing to the facility that exists of obtaining it from the branch Bank of England. The amount of their circulation varies very materially in the course of a few years. [1,013.] Whenever it happens, together with the deposits, to be considerably reduced, they look to that circumstance with attention, [1,014,] but in case of an immediate demand, they generally revert, in the first instance, to the sale of their government securities, rather than lessen their discounts on advances.

[1,015 to 1,032] These establishments, in managing their circulation, refer to the foreign exchanges. The first thing they enter at every quarterly meeting is the market price of gold and silver, and the exchanges with Paris and Hamburgh. That entry serves as a beacon for the general management of their affairs. If the exchanges continue for any time unfavourable, they find that, without any interference upon their part, the circulation reduces itself pretty soon; if the exchanges remain long below par, they look with more care to their government securities, under the impression that some of them must speedily be disposed of. Should these be sold to any extent, they gradually, for their own safety, lessen their discounts and advances, until their government securities are replaced.

Whenever a contraction takes place in the Bank of England paper, a reduction also takes place in the circulation of these establishments, arising entirely from the action of the public upon them. At such a period they would act with more caution than usual; but if they were full of money, and saw every thing going on well, they would still give, though under other circumstances they would withhold, the usual accommodation. A contraction of the Bank of England notes during an unfavourable exchange operates a reduction in the circulation of country banks, in the same manner as a drain for gold, arising from the same cause, diminishes the circulation of the Bank of England. The action of the bank circulation upon that of the country banks does not perhaps immediately take place; but it may be

laid down as a principle, that when the bank are liberal in their issues, the same principle applies to the country bankers, and *vice versa*. The state of the bank circulation is known by that of the exchanges, and by money being plenty or scarce in the market. The country banks generally proportion their issues to the exchanges and to the state of the bullion, upon the same principle as the Bank of England. "There may be exceptions," says Mr. Stuckey, "because there have been some banks that have been very improperly conducted, but I think it is so with banks properly conducted."*

IV. ISSUE OF NOTES.

[Stuckey, 1,094] Prior to the passing of the act of 1826, Mr. Stuckey's private bank issued one-pound notes, but not to an extent ever amounting to one quarter of its circulation. Since they have been withdrawn, their place has been filled up by gold and silver. [1,097.] When Mr. Stuckey was in the habit of issuing those notes, his whole circulation was greater than it has been since; [1,101.] but he did not then afford greater accommodation to the public than his joint-stock bank does now. The small notes rendered him but little assistance; [1,102.] he never approved of them, as he conceived that they were not profitable to a banker. Had they been circulating in Bristol during the late riots, he is of opinion that every banking house in that city would have been then pulled down. The issue of notes to the amount of 5*l.* and upwards is, however, a privilege of considerable importance to country bankers. The accommodation which the establishments in question afford to their district, depends in some degree upon their power of issuing notes, though not entirely so. [1,173.] Their deposit accounts and general business would enable them to give some accommodation, [1,174.] but they could not afford it to the same extent as they now do, if they had no notes in circulation. Besides, the respectability of country bankers, especially in the west of England, rests a good deal upon their circulation. If they had no

* The over issues of the country banks in 1825 were not, however, in Mr. Stuckey's opinion, the main cause of the panic. He ascribes it to the Bank of England not having then attended to the course of exchange, and having been too liberal in their issues. No doubt, the country bank paper had also increased at the same time, in the same proportion as that of the Bank of England, and both these causes concurred to increase the evil.—1,082. In point of fact, the circulation of the Bank of England paper was less in 1824 than it was in 1823; in 1825, it exceeded that of 1824 only by 120,000*l.* until the panic came.—See 1,187.

circulation, they would have less money on account, because they would be acting only as agents of the Bank of England, and very much of the money deposited with them would probably be withdrawn. They make a character by having issued notes that have for a long period been regularly paid, [1,175;] and if those notes be convertible in London, it makes a bank known in all parts of the kingdom.

[1,176] It might be, that in some counties a banker who issues no notes, and who is consequently liable for no circulation, but merely discounts upon capital placed in his hands, would enjoy greater credit than a banker who adds to the liabilities of circulation those also arising out of deposits. This, however, would not be the case in an agricultural county, accustomed to a bank whose notes have been regularly paid for the last half century. [1,177.] A new bank issuing notes there would indeed be some time before they would come into credit. But the notes of well established local banks are taken and locked up, when those of the Bank of England would be refused, [1,140;] the former being known in their neighbourhood by their property and character. The proportion which the circulation of Mr. Stuckey's bank bears to its deposits and drawing account, [1,180,] is admitted to be very large; but every county has a different mode of doing business. Somerset has always been accustomed to a country bank circulation; the counties in the north have a circulation composed of bills of exchange. [1,233.] There is no good reason, on any principle of banking, for the circulation of the country being confined to the Bank of England.*

V. BRANCH BANKS OF ENGLAND.

[Stuckey, 987] With reference to the branch banks in that district, Mr. Stuckey states that his establishments have accounts with them, and that in some respects they afford great facilities, especially in the transmission of money. But in other respects the branches are injurious to those establishments, as they have taken away some of their best customers. Upon the whole, he, individually, would be glad to get rid of them, [1,116 to 1,140.]

* At a late meeting of the committee of country bankers, it was unanimously resolved, "That it appears to this committee highly inexpedient that the circulation of the country should be confined solely to the Bank of England, and that they will exert themselves to prevent a measure so highly detrimental to the agricultural, commercial, and manufacturing interests."—1,233.

though it is very possible that they may be useful to the public. He would wish to deprive them of the power of taking money in upon account. If they would only take discount accounts, his objection to them would be in a great measure done away. He would wish that they should cease to be banks of deposit; though, as banks of issue, they also injure his circulation to a certain extent. They receive many dividends that used to be received by the country bankers. A bank lately failed in Launceston, and the branch got the assignee account, which, if there had been no branch, would have probably gone to Mr. Stuckey's establishment. In this, and a variety of other ways, they have a tendency to defeat the action of the private banks, and to grow upon them. It is true, that the latter, since the formation of the branches, have been obliged to lower their charges in some respects, and that so far the public have been gainers in the first instance. But if banks have not a fair remunerating profit, it cannot answer in the long run. The branches put the savings of the country into other channels. Whenever they afford accommodation, it is given upon general rules and written documents. The private banks make advances on personal knowledge and under peculiar circumstances, such as the steadiness and honesty of the party. But if the deposits all go to the branch bank, this accommodation can no longer be given, and such parties must suffer, to the injury of the industry of the country. As to the discounts which the branch affords to a private banker, it would be better for the latter not to have them. He can procure money, in most cases, on much better terms on stock or exchequer bills, than either from the Bank of England or his London banker. The branches may usefully do business in large places, but they are not calculated for the interior of the country. [1,185.] They do not lend money upon a deposit of deeds, or any thing of that sort.

VI. JOINT-STOCK BANK AT MANCHESTER.

A joint-stock bank was formed at Manchester in the latter part of the year 1828, under the provisions of the act. [Dyer, 4,120 to 4,129.] The company consists of about six hundred proprietors: their subscribed capital is 2,000,000*l.*; their paid-up capital is a fraction short of 300,000*l.* They commenced business in March 1829, and have hitherto conducted it upon the system which prevails among the other private banks in that town. The partners are liable for the obligations of the bank to the extent of the whole of their

property. They do not issue cash notes, as they are called, that is to say, notes payable on demand. They issue paper payable at a distance of time, consisting chiefly of bank post bills, at seven days after date, and drafts on their agent in London at thirty, sixty, and ninety days. The bank post bills are for various amounts, principally between 50*l.* and 100*l.*, though they have plates as high as 500*l.* When they first commenced business, they issued bank post bills payable in London for sums under 50*l.*; but the solicitor to the institution having suggested that they were illegal, they were discontinued.

With reference to the general character of the transactions of this bank, it appears that of the last 2,000,000*l.* and odd which have been paid, about 1,000,000*l.* were paid in Bank of England notes and specie, the latter being in the proportion of one ninth; 90,000*l.* in re-issued bills of exchange; 753,000*l.* in drafts of the bank on their agents in London, and in acceptances of customers: and 185,000*l.* in bank post bills. The drafts on London would be paid at Manchester, the same as any other bill. It is seldom that they are sent up for acceptance; the security of the bank being considered unquestionable, parties do not find it necessary to put themselves to the trouble and expense of getting the drafts accepted; so that, generally speaking, they go up for the *bona fide* purpose of being paid, or as remittances for payments that require to be made in London.

[Stuckey, 4,168] It is a serious impediment to the business of the bank, that they cannot create cash notes payable in London. Unless the notes were so payable, they would not, in the present feeling of the public, keep out a sufficient length of time to serve the purpose either of the community or of the banker, namely, profit upon the capital. [4,189.] The bankers in Manchester who (having less than six partners) are entitled in law to issue notes payable in London, abstain from exercising the power which they possess, [4,190.] on account of the dislike that has always existed in Lancashire to the circulation of local bank paper.

The joint-stock bank in question have an account with the branch Bank of England established in that town, but they do not discount with it. A negotiation was entered into with a view to obtain from the branch the facilities which it affords in that way to other country bankers, [4,145:] but the privilege was refused, on the ground that Manchester was already full of Bank of England circulation. [4,149.] Hence they are obliged to have their bills discounted through the agency

of a broker in London, who charges a commission, which is ultimately paid by the party for whose use the discounts are obtained. That commission would be saved, if the discounts could have been obtained from the branch. Farther, not only the joint-stock bank at Manchester, but the Lancashire bankers generally, sometimes discount for their customers at a loss, [Dyer, 4,157,] being obliged, in consequence of an unseen influence which operates to their prejudice, to supply money to their customers at a cheaper rate than they pay for it. It is only in the way of commission that they can gain any profit. The rate of interest which the joint-stock bank charge on discounts varies from three to four per cent., and a quarter per cent. commission. They allow two and a half per cent. upon depositors, and upon running accounts three per cent. If these accounts be overdrawn, the same rate of interest is charged, and upon all payments a quarter per cent. commission is deducted.

[4,265] The price of the stock of this bank was, in July, 1832, a little over 19l. for every 15l. paid up. A dividend of six per cent. was paid upon the capital in the year 1831, [4,267,] when a full report was made of the funds out of which it arose. The report stated the total amount of the capital, the profits gained by the business of the year, [4,271,] the sum divided, and the surplus fund not divided. The surplus fund consists of the whole of the profits of the first year of the bank, which were not divided, [Smith, 4,310,] but carried to a fund called the "Reserved Surplus Fund," set apart for the purpose of providing for unforeseen losses and bad debts. After the payment of the dividend in 1831, there was a balance in favour of the company, which was added to that fund. [4,315.]

CHAPTER XVIII.

Improvements suggested—Opinions of Mr. Horsley Palmer with reference to the projects of making the Bank of England paper a legal tender in the interior of the country.—Of confining the paper currency of the kingdom to notes of the Bank of England.—Of having only one issuing company, and that directed exclusively by commercial individuals.—Of obtaining security for the conduct of the bank.—Of publicity of accounts.—And of giving a legal control over the bank to his majesty's ministers.

1. PROJECT OF MAKING BANK PAPER A LEGAL TENDER IN THE COUNTRY.

[Palmer, 97] Substantial relief would be afforded to the circulation, if it were provided by law that the country banker might make his payment in Bank of England notes; or, in other words, if notes of the Bank of Eng-

land were made a legal tender from all persons save the bank itself. [98.] The bank would then be the only outlet of coin. It is believed that a five pound note of the bank, if it were a legal tender, [621 to 632,] would be a bar to any extensive demand for gold in the interior, in times of commercial discredit. It does not follow that such tender would relieve the bank from all the effects consequent upon a discredit of private paper money. But relief would be afforded, in limiting the first demand for gold, [820,] upon such an event occurring. In a period of general political discredit, no coin that the bank can hold can be equal to the demands of the public. No provision can be made against such a state of things; but in a case of mere commercial discredit, such a regulation would be desirable, and might be carried into effect with safety.

If it be objected, that this measure, by giving the power to the country banks of paying their circulation in Bank of England paper, would tend to encourage them to issue their own notes to excess, the answer is, that they must first get the Bank of England paper before they can use it. They would find no greater facility in obtaining bank notes than they would in obtaining gold. Such a regulation would bring no increase of profit to the bank; they cannot issue five-pound or ten-pound notes at a less charge than they can advance gold, as they are always under the necessity of keeping a given proportion of bullion against the notes which they have in circulation; and nothing ought to disturb that proportion except the foreign exchanges. The beneficial effects of this arrangement would be extended still farther, if the branch banks were not compellable, at all times, to pay the notes of the bank in gold.

If the making the five-pound Bank of England note a legal tender were to have the effect of withdrawing the gold coin from the circulation of the interior, [645 to 654,] it would certainly entail considerable inconvenience upon the persons who now use sovereigns and silver. But it could not have any such effect. The apprehension of the very inconvenience here contemplated would prevent such a withdrawal from taking place. The want of a circulating medium between five-pound notes and silver would make it absolutely necessary, that the sovereigns should remain in circulation as they now are. It is possible that an arrangement of this nature might diminish the amount of gold, which country bankers would retain in their possession. But still they would find it necessary to reserve a fund in specie. They might,

under such proposed law, refuse to give any exchange for a five-pound note of their own, except a five-pound note of the Bank of England. But they must necessarily look to the convenience of their neighbourhood: it would not be possible for them capiously to refuse that accommodation which is expected of every banker. It might happen that a person presenting a five-pound note, and requesting sovereigns for it in exchange at a country bank, should be asked for a premium for the accommodation; but it is not probable that such a difficulty would arise.

II. PROJECT OF CONFINING THE PAPER CURRENCY TO NOTES OF THE BANK.

[Palmer, 440] It would be an advisable mode for the country, if the whole of the paper circulation were to consist exclusively of notes of the Bank of England, provided the country bankers concurred in such an arrangement. Country bankers who propose to act with Bank of England paper, [891.] are now supplied with a fixed amount of credit, or notes, [437.] equivalent to their average circulation, [457.] upon the security of good bills, at an interest of three per cent. [889.] The average is taken by agreement, and they do not pay interest on the bank notes until they issue them. [888.] No state of the circulation would induce the bank to depart from their agreement in such a case. [892.] Whatever the amount of that circulation may be, [471.] they have always, under ordinary circumstances, a proportion of bullion to meet it; and it is therefore of no consequence whether their notes be issued in the country or in London. The amount being once fixed, the average will of course remain the same, so far as the Bank are concerned. [473.] Should the country banker require a supply of notes beyond the amount agreed upon, [890.] he would be accommodated, in the first instance, upon the security of negotiable bills; [892.] but if the bank were indisposed for any reason, at the period of such a demand, to extend their general issues, they would afford the accommodation upon the condition of being permitted to negotiate the securities so given in the London market; [894.] thus keeping their circulation still at the same amount. So long as the country banker does not exceed the fixed amount, the securities which he has given to the bank are not negotiated. [895.]

It is true that a country banker would find the issue of his own notes less expensive than that of the notes of the Bank of England, [427.] because he may re-issue his own paper

as long as it lasts. [430.] But he has this inducement, that, by acting with the Bank of England notes, he is relieved from all anxiety and risk of a run, and of convertibility when demanded.

[119] Generally speaking, security is the first object with a country banker, with reference to the management of his circulation. Provided the securities be good which are tendered to him, and such as he considers to be strictly marketable, he has probably no objection to issue his paper upon them. [900.] In the agricultural districts bankers are said to be in the habit of giving accommodation without receiving negotiable securities; and it would of course follow, that, where that mode of conducting business prevails, the arrangement here proposed could not be carried into effect. But, in both cases, a more prudent system of accommodation would be established, if the paper of the Bank of England were the only paper in circulation. The credits mentioned as being given by country bankers upon securities not negotiable, ought, in Mr. Palmer's judgment, to be limited to a moderate proportion of the deposits, and not made by paper money payable on demand. [901.] It may be the fact, that in many country towns the bankers very rarely make advances upon any thing that would be justly called negotiable securities; but the propriety of such advances, to the extent alluded to, is very questionable. [902.] There are two descriptions of deposits; one the value received for the paper money, the other the deposits of individuals; and Mr. Palmer is of opinion, that no part of the former ought ever to be advanced by a country banker upon securities which are not negotiable, unless he be possessed of private capital to the same extent convertible on demand.

[903 to 909] If the country bankers, instead of issuing their own notes, were, as a general practice, to become agents for the circulation of Bank of England notes, the effect would certainly be to impose the responsibility for the whole amount of the circulation upon that institution. Cases might be conceived of political alarm, in which persons in a remote district in the country would consider the paper of the bank less secure than that issued by gentlemen in their immediate neighbourhood. But such instances would be of very rare occurrence. No reasonable doubt can exist, in any part of the country, of the perfect solvency of the bank. If a period of discredit were to arise from such a cause, it would be very limited; and it is not apprehended that any such feeling would operate against a bank note circulation.

It may have happened, at a moment of political excitement, that in some places the local notes have been actually preferred to Bank of England paper. But, on the other hand, the occurrences at Norwich, in 1825, show, that in places where the local notes were discredited those of the Bank of England were eagerly taken.

[912] Under the present system, it can scarcely be questioned that every country banker issues without reference to the foreign exchanges, and upon such securities as represent the existing prices, he having little means of judging whether those prices are above or below the relative values in other countries. [913.] It is quite clear that he will not issue his own paper, with a knowledge that that paper will be returned to him the next moment for payment; but it is equally clear, that, with a general knowledge of the prices throughout the country, he will make his own issues with reference to those prices.

A banker only issues legitimately upon a demand, and that demand arises upon the prices of the country. [371.] But those prices may, by excitement or speculation, be above their relative value with respect to foreign countries. "In such case," says Mr. Palmer, "I hold an over issue to exist; and I say this without meaning, in the slightest degree, to infer a charge against the banking interest in that action."

[914] The available assets which the country banker holds in London, for the purpose of meeting his issues, are securities supposed to be marketable, and which he relies upon being able to convert into bank paper or coin whenever demands are made upon him, either in the country or London. The possession of those assets, however, in no way prevents the possibility of excess in the country issues, which may occur without the country banker being chargeable with the cause. [915.] The mere necessity of paying his notes in London, or wherever they are required to be paid, is not of itself a sufficient check to over issue. [916.] It is not as complete a check as the payment of the notes of the Bank of England in gold is against over issues on the part of the bank; because the country banker relies upon the purchase of bank paper in London with the securities he holds, after the excess has been created, which excess is the evil complained of. It is by no means contended that a country banker has not the power of upholding his credit against an excessive issue, if he be a person of property, [917;] but the excessive issue will not therefore be the less injurious to the community. [918.] The difficulty is for the country banker to know

when general prices are in excess, upon which his issues are made. He, therefore, is the more likely to sustain inconvenience from a suddenness in the returns upon him, at a time of scarcity of Bank of England paper, occasioned by an adverse foreign exchange. He is apprised of the state of the exchanges, in the same manner as the Bank of England, by his notes being returned upon him; but the demand upon the country banker is seldom, [919,] except from internal demand, simultaneous with that upon the bank; the former will generally follow at some distance of time, when it arises from an adverse exchange, and then provision must be made to meet it. He may obtain Bank of England paper in exchange for his securities, [922,] without going to the bank for it; but the value of that paper, wherever it is obtained, is considerably enhanced at the moment by the increased demand; and that adds to the pressure upon the bank at such a crisis. From this inconvenience of over issues, the country banker, as well as the Bank of England, would be relieved, if the notes of the bank were the only paper in circulation. [843.] It might be imagined that the effect of a country banker withdrawing his own notes, and issuing those of the Bank of England, would be to create doubts as to his character and solvency; but it is not easy to understand why it should have that consequence, or why the credit of a country banker should be more affected by issuing Bank of England paper exclusively, [844,] than that of a London banker who acts upon the same principle.* It may be admitted that a country bank note, [848,] being signed by a hand perfectly known in the district where it circulates, is more secure against forgery than a Bank of England note, signed by a hand with which the district is not so well acquainted. But the country bank circulation is not the more safe on that account. The forgeries upon the branch bank notes have been very few: [855,] there are probably forgeries of Bank of England paper constantly in circulation, but at present only to a small amount.

III. OF HAVING ONLY ONE ISSUING COMPANY, AND THAT DIRECTED EXCLUSIVELY BY COMMERCIAL INDIVIDUALS.

[Palmer, 551] Being convinced that a single establishment would be better for the management of the circulation of the country

* In a note, *ante*, it is said, that only four country banks have adopted the system of acting with Bank of England paper. That is a mistake; the number is considerably larger, and from time to time increasing; but it cannot be stated at present with accuracy.

then having notes issued by different banks, Mr. Palmer is further of opinion, that that single establishment ought to be a commercial company, independent of the government. [553.] A commercial bank, formed as the Bank of England is, has the power, from the constitution of its body, of affording assistance to the commercial world which no political bank could offer. [554.] A bank formed of commercial individuals, with a capital totally disconnected from government, appears likely to answer every desirable purpose. [555.] A bank formed of political individuals, or of commissioners, would not have the same general knowledge of the mercantile transactions of the country, as a body formed of commercial persons. [556.] The knowledge of individuals applying for aid which a commercial body possesses, is essential, in order to enable that body to give assistance properly to trade in times of difficulty; and that assistance should be afforded by persons independent of any political connections or considerations. For instance, at the period of the panic in 1825, if there had been a government bank in existence, [558.] it could not have been readily managed by commissioners, considering the magnitude of the aid that was given upon that occasion.

[556.] On the other hand, if there had been at that period no single establishment entrusted with the London circulation, but a number of bankers issuing their own paper, they would not have been willing to have run the risk, and to have taken upon themselves the responsibility of making those large advances, which, it appears, were so necessary to the security of private credit in London at that time. It would not have been possible for any number of bankers to have done it. From the natural action of one upon the other, the balances must have been paid in coin; and it would have been quite impossible for ten bankers issuing paper money to have so adjusted the balances, at a time when the bullion must have been reduced to the lowest possible state from foreign demand. [558.] If there had been even only two or three great banks then established in London, they would have been so much afraid of being acted upon by their rivals, that it would have been impossible for them, in an emergency of that kind, to have acted with any confidence. Their existence through such a crisis would have depended upon their possession of an adequate supply of gold; [559, 560.] and it would not have been in the power of a set of bankers carrying on trade in London, possessed of even from twenty to thirty millions of capital, to have obtained and kept such a

supply of gold as would have placed them, under all the circumstances of that crisis, in a situation of security.

[591.] It is *possible*, that if the currency of London had been established under the management of several banks for a considerable period prior to the year 1825, the crisis which then took place might not have occurred. But it is not apparent how the action of such banks would have prevented the panic. [599.] On the contrary, they would have had rather a tendency to increase it. [597.] The risk then encountered by the bank, in making advances to the commercial world, was greater than any private individuals would have undertaken, inasmuch as the bank made many of those advances upon the simple deposit of title deeds, without having the power of examining them, relying upon the credit of the parties to whom the property was stated to belong. [602.] The bank, on that occasion, acted entirely upon considerations of commercial expediency, and without any guarantee whatever from his majesty's government. The ministers were aware of every thing that was going on: [608.] but the measures adopted were those of the bank, as a body, and the only one that could give the assistance in London which the commercial interests required.

[592.] The panic did not arise originally out of over issues on the part of the bank. Excess of that description would not have been prevented by, but, on the contrary, [562.] would have been the probable consequence of, the competition of several private banks of issue, had such banks been in operation in London when confidence and apparent prosperity prevailed. [600.] In such times private banks of issue, it has been seen by experience, are the first to increase the circulation instead of diminishing it. In Scotland, where the banking business is governed by large public bodies, their action is prejudicial, as it tends even more to excess than the action of private bankers. [595.] The Scottish banks are establishments possessed of great credit and property; but whenever a demand arises upon them, they have not the means of meeting it without coming to the Bank of England. [562.] An action by the Bank of England in competition with private bankers would necessarily lead to an undue reduction in the value of money: and although it be desirable for the public that the rate of interest should be as low as possible, [563.] nevertheless, the reduction of it by competition on the part of the bank would tend to excess, thereby raising the prices and turning the exchanges against the country, which would occasion a re-action

more prejudicial in its effects than any previous benefit to be derived from a temporary fall in the rate of interest. All competition by great capitalists is more prejudicial than that by a number of inferior capitalists. [564.]

IV. OF OBTAINING SECURITY FOR THE CONDUCT OF THE BANK.

[Palmer, 657] Undoubtedly, if the whole of the paper circulation of the country were issued by one commercial and irresponsible body, such as the Bank of England is, the amount of the circulating medium would depend entirely upon the discretion with which the power of the bank might be exercised. [658.] The only security which the public have for the due exercise of that discretion is confidence in the conduct of the bank, and the knowledge, on the part of his majesty's government, of that confidence being deserved. An interference of the government, [672,] such as that in paying off the interest of the funded debt in 1824, might again derange the state of the currency: but it would not derange the issues of the bank (as a lesson of caution has been already given with reference to that point) further than the foreign exchanges might operate upon them, and those exchanges might always be rectified without a crisis. [673.]

The process for rectifying the exchanges takes place in this way: [678.] The first operation is to increase the value of money by a reduction of issues. With the increased value of money there is less facility obtained by the commercial public in the discount of their paper; that naturally tends to limit transactions and to reduce prices; the reduction of prices will so far alter our situation with foreign countries that it will be no longer an object to import, but the advantage will rather be upon the export; the gold and silver will then come back into the country, and rectify the contraction that previously existed. [686.] This process takes place through the action of the public on the bank. [688.] When the exchanges are unfavourable, the consequence is an exportation by commercial men of bullion, and that bullion is obtained from the bank by the merchants returning bank notes for the bullion so exported. The bank circulation is thus *pro tanto* contracted, and that contraction produces the consequences just stated.

[674] Thus, in 1825, between the month of February and the beginning of December, a reduction of three millions and a half was made in the amount of the bank circulation. But although the panic was immediately preceded by that contraction, it does not follow

that the panic was caused by it. A contraction to the amount of four millions took place between the month of February 1831, and the conclusion of that year, without creating a commercial crisis. At the latter period the circulation of the bank was sixteen millions and a half; if it had been still farther reduced by two or three millions, [792,] bank notes would have been returned to that extent. But in the course of that return, if the scarcity of money had become so considerable as to raise the rate of interest to the bank's public rate, merchants would have applied to the bank for a re-issue at such rate. If there had been a foreign demand for bullion at the time, [763,] it is probable that the bank, while giving the discounts, would keep their circulation still the same, by selling government securities. No positive conclusion can be drawn, with reference to the state of commercial credit, from any supposed quantity of bank notes which may be in circulation. Had the further reduction of two millions above alluded to taken place, in consequence of a drain of gold from abroad, it would certainly have produced a material effect upon the value of money; [704, 705,] but such a drain must have depended in a great degree upon the state of the prices in England, with which the gold must have been purchased for foreign use. [706.] Supposing that a drain had taken place from disturbances abroad, or from the failure of credit in Scotland or Ireland, or any part of England, still it does not follow that a commercial crisis would have been the consequence; for if gold be required for any part of the world, it must be paid for in some produce which finds a market in the place where the gold is purchased; and the existence of such a market is incompatible with the fact of commercial difficulty. [709, 712.]

V. PUBLICITY OF ACCOUNTS.

[Palmer, 723 to 740] The publicity of the accounts of the bank would, undoubtedly, be a check upon their management of the monetary system, provided there were no other body but the bank circulating paper money. It would be no check, unless an equal publication were effected by every other body exercising the same power; and in that case the check would be efficient as to all other parties issuing paper money, provided they afforded security for the proper management of their circulation equal to the security that might be obtained from a body like the Bank of England, saving always the liability to political discredit, or internal demand of an unusual character, that might give rise to a pressure for

coin which no banks issuing paper money could sustain. Such a pressure might arise without publicity of accounts; but publicity would increase the liability. If the demand took place at a period after a considerable reduction of the stock of coin occasioned by a long adverse foreign exchange, the knowledge of that fact, on the part of the public, might tend to increase the demand. There have been instances when such a publication might have occasioned a total exhaustion, from the apprehension that the demand could not be supplied. If, for example, at the time when the panic of 1825 was at the highest, the bank had been under an obligation by law to publish the whole amount of coin and bullion remaining in their coffers, the inevitable consequence would have been an exhaustion of the whole remaining treasure. A knowledge of the small sum in bullion which then remained would have fomented the public alarm. That run would not have taken place if the bank had been the sole issuer of paper money, or if the bank paper had been then a legal tender in the interior of the country. If the bank had been free from the liability of being called upon to uphold the private paper money, and from the perils of political discredit, such a publication might have been made with perfect security in the year 1833. Had such a publication taken place in the month of May in that year, the bank would have been endangered by it. If the treasure had been then reduced very low, and the fact had been publicly stated, commercial discredit might have followed, and the bank might have been drained of its last sovereign.

[749] If any publication were to be directed, a retrospective statement, exhibiting the average of the transactions, the liabilities, and the means of meeting them for an interval that had elapsed, would be preferable to any other. [750.] No material objection to it would arise from the possibility of a panic being created by a knowledge on the part of the public that the treasure of the bank was extremely low, provided the circulation were limited to the notes of the Bank of England. In such case, it would be the duty of the bank to provide against any very great reduction in ordinary cases; that is, by being supplied with a full proportion of treasure, with reference to the liabilities, before the drain might commence. The panic of 1825 arose from the discredit of the internal paper money, which would not have existed if the bank had been the only issuing body. [751.]

[756] The periodical publication of the affairs of the bank, if it were to take place in the present state of paper money, ought to

have the effect of facilitating the transactions of private banks of issue, by imparting to them a knowledge of the state of the bullion of the bank. It ought to operate as a guide; but it is not improbable that a private issuer of paper money would generally take the chance of obtaining the bank paper, [757.] when he might require it, and would leave the responsibility to the bank to meet the demand for coin when it arose. [758.] A prudent country banker, who might be apprised of the cause of an existing adverse foreign exchange, likely in its effect to reduce the credit and prices of his neighbourhood, would feel it necessary to be more cautious in his accommodations at such a period than he otherwise would be. But the printed rates of exchange are no criterion; [759.] and even if the state of the bullion were periodically published, it must always be a matter of some difficulty for a country issuer of paper to know, at an early period, the cause of a demand for gold upon the bank. [761.] There might be temporary demands for export unconnected with an unfavourable commercial exchange; or there might be demands for coin upon the bank for Scotland or Ireland, or any part of the interior of England, which might diminish the stock of bullion; and therefore any criterion that he formed from the actual diminution, as appertaining to an adverse commercial foreign exchange, might in such times be erroneous. [762.] All that he could learn with certainty from the publicity alluded to would be, whether the bank's bullion was upon the increase or decrease; and by that circumstance he might govern his action so far as he might think fit. [767.] But unless security were given, that the issue of paper money by other bodies was placed upon the same foundation as that of the Bank of England, it never could, in Mr. Palmer's opinion, be expedient to publish the fluctuation of bullion in the Bank of England. The amount of bullion which the bank hold, is the only secret which they think it of importance to preserve in their affairs, [780.] so far as regards the public, in the present state of the circulation of the kingdom.

[818] If the present system of paper money be retained in connection with publicity, it appears indispensable that all banks of issue should be placed precisely on the same footing before the country, by a publication of their liabilities, their securities, their cash reserves, and also their capitals. It would be necessary that the country should have perfect reliance upon the property of the banks so issuing, as well as their liabilities. The character of the property need not, perhaps, be discriminated; but the capital which up-

holds the credit of the bank should be known, in the same manner as the capital of the Bank of England is known. The public should be assured, from the nature of those publications, [821.] that a power existed on the part of every issuing bank in itself to meet the demands upon it. If that confidence were not obtained, no adequate security would be afforded to the Bank of England; which would still be liable to be called upon to support private paper money to an unknown extent. The bank could not, under the present system, so far as regards the issue of paper money, permanently carry on their business, [829.] if their affairs should be published to all the world, while all those dealing around them should cover their transactions under a veil of secrecy. If parliament required the bank to publish periodically the amount of their gold, [834.] it should also require the country bankers to state the amount either of their gold or of their Bank of England paper convertible into gold. Such publication should be for a period not less than every six months, to be of any use as a guide. [837, 838.] It is probable, that under such an arrangement the country bankers would relinquish their own circulation altogether; and, if it could be satisfactorily managed, [839.] such a result would be more beneficial to the country than the present system, provided it should happen with the concurrence of the banking interests. [879.] Nothing could be more impolitic or more prejudicial to the community, than an interference with the legitimate business of country bankers; but the relinquishment of their own circulation, and the substitution for it of notes of the Bank of England, would not lead to any such interference. "At the same time," observes Mr. Palmer, [838.] "I beg to state that I am not advocating the propriety of any publicity, nor giving any opinion as to what it is desirable for country bankers to adopt. I am only anxious to answer the questions put to me to the best of my ability, understanding their object to be, whether the Bank of England can, with any reasonable degree of safety to the corporation, publish their fluctuation of bullion, without similar publication by other bodies issuing paper money in the interior, whether England, Ireland, or Scotland."

[859] Publicity, if it were required from all banks, would be the best security which could be obtained against abuses in issuing paper money, although there might be many objections to it. [860.] No regulation of the kind could ever amount to a complete security; [861.] but it would check the opening of banks without sufficient capital, and

the issuing of paper upon mere speculation. Where capital existed, it would in all probability have the effect of giving confidence to the immediate vicinity of a bank possessed of that capital, and issuing its own notes. [862.] If it did not issue paper money of its own, [911.] there would be no occasion for the publication of its affairs; [877.] as it is only in the event of such issue that the public at large become interested in its concerns.

VI. OF GIVING A LEGAL CONTROL OVER THE BANK TO MINISTERS.

[Palmer; 807] If the bank were not called upon, in the present state of paper money circulation, to publish their amount of gold, a security for the increase of that amount, if it should at any time be deemed too small, might be obtained by vesting in his majesty's ministers the requisite power of control, provided parliament should think fit to grant it. [808.] The ministers, however, would have no other means of exercising such a power, than by directing the bank, if to them it seemed expedient, to contract the amount of paper money in circulation, which contraction would eventually act upon the whole currency of the country. There is no order that could be made, which would enable the bank to obtain a permanent increase of its stock of gold, otherwise than through a reduction in the general prices of the country, unless the bank were possessed of a stock of silver bullion, which they might exchange for gold. The bank, as already explained, would be provided, in a period of full currency, with a proportion of bullion to the amount of one third of their liabilities. If, in the period of a contraction arising from an unfavourable exchange, [816.] that amount fell below one third, the ordinary result would be again to recover the amount diminished, or perhaps more, upon the return of a favourable exchange. [811.] In case of such diminution taking place from that cause, the bank would not, of their own accord, immediately proceed to restore the proportion; nor would the publication of their accounts (if they were to be published) have the effect of inducing them to put into operation any other measure than they have hitherto adopted for that purpose.

(Continued at page 145.)

Reported for the Journal of Commerce.

POLICE OFFICE, JUNE 8.

Some grand speculation knocked in the head.

A couple of days back, a man called on a respectable engraver and enquired the probable cost of getting

a bank bill plate engraved. The engraver asked him to describe the sort of plates he wanted, and the name of the place where the bank was to be located. "As to the latter particular," replied the stranger, "I have not altogether made up my mind. It is, however, a matter of total indifference to me, and I shall locate it wherever I think a bank is most wanted, and where I can do the most business." The engraver then told him that if he thought Lower Canada would suit his purpose, he, the engraver, could let him have a set of bank bill plates that had been engraved some time back for an embryo bank in Lower Canada, which had never been brought to maturity. The stranger then got the engraver to print some bills from these plates, and they pleased him so much, that he immediately determined to locate his bank in Lower Canada; and having obtained a roll of the bills, he put them in his pocket and went away, promising to call at ten o'clock yesterday morning and pay for the plates. Before, however, he left the engraver's, he asked him if he would have any objection to take a piece of negro cloth in exchange for the bank bill plates, as he wished to reserve all his cash capital for banking operations. The engraver half consented, and the banker left him; but after he had gone, the engraver began to think that on the whole, the matter looked rather queer, and he therefore went and informed the police of it. Officer Homan in consequence went down to the engraver's yesterday morning, and waited until the banker arrived there with a piece of cloth under his arm; and to Mr. Homan's no little astonishment, he turned out to be a customer who was arrested a few days back on account of the identical cloth in question, which he purchased from a coloured man for ten cents a yard, and partly paid for it in spurious money. When brought to the police on this second occasion, his person was searched, and in his pockets were found a package of bank bills on the Bank of Canada, and several parcels of soft paper cut to the size of bank bills, and rolled up in bundles, with one or two genuine bank bills outside them; so that any person seeing one of these packages in the hands of another person would suppose that it was a roll of several hundred bank bills. As it was evident that the gentleman had been collecting the machinery for some notable experiment, the magistrate had him closely examined, but all that could be elicited from him was, that his name is J. J. Eplyc, and that he was born at Sullivan, Madison county, where he remained until he was sixteen years of age, and then went to reside in the village of Chenango, and now gained his living by trading; but in what way, did not easily appear. The magistrate committed him until something more concerning him can be discovered.

BROKEN BANK CASE.—A case was tried in New York, in May, in which Mr. Smith, a Wall street broker, was plaintiff, and John De Groot, quondam president and chief director of the long since bankrupt Washington Banking Co., N. J., defendant. It appeared in the trial that prior to July 25, 1833, upon assurances of the solvency of the bank, the plaintiff agreed to redeem its bills in the ordinary course of his business, but about the time mentioned the bubble burst and left him with \$6,702 of its notes on hand. After this, a dividend of 55 per cent. was agreed to be paid for the redemption of the notes, and the plaintiff, with others, received his per centum, giving a receipt for it as a dividend. Not being entirely satisfied with this, and being advised that he could still receive the balance from De Groot, the president, as on common promissory notes, his signatures being attached to them as in the ordinary form

of documents, he brought the suit to trial. The jury brought in a verdict for the plaintiff for the full amount of his claim, with interest and costs.

Office of the Commercial Bulletin, New Orleans, May 29.

UNION BANK.—In a suit brought by this bank against one of its debtors, the exception was raised, that the bank had forfeited its charter by a suspension of specie payments, and was therefore incompetent to bring suit. The point has been argued, we understand, before Judge Buchanan, and a decision given in favour of the bank maintaining its charter and corporate rights. Some difference in the provisions of their respective charters led to a different opinion as to the effect of a suspension of specie payments upon the Atchafuleya and Union Banks. It is no doubt fresh in the recollection of our readers, that the charter of the former institution was adjudged forfeited, in consequence of having refused to redeem her issues in gold and silver.

TONNAGE OF THE UNITED STATES.

In the annual Treasury statement to Congress, the registered tonnage for the year ending on the 30th of September, 1837, is stated at 810,447
The enrolled and licensed tonnage at 956,980
And the fishing vessels at 129,257

Tons, 1,896,486

The total tonnage of shipping built in the United States during the year ending on the 30th of September, 1837, was, viz.

Registered, 42,343
Enrolled, 80,643

Tons, 122,963

FOREIGN INTELLIGENCE.

Correspondence of the New York Herald.

Liverpool, 10th July, 1838.

THE COTTON TRADE.—I have been busy in the cotton market, seeking and getting information. After London, this is the great centre of American commerce in Europe—and I am not sure but the spirit that controls all our trade on this side of the Atlantic moves principally here. The various circulars which you will receive, will convey an accurate idea of the prices, quotations, stocks, &c. in this port. There is other information, which is seldom touched upon here.

What are the prospects of the future? what are the elements of the present trade in cotton?

The great dependence of the American cotton, tobacco and other staple articles, rests on the internal trade of this country. Its foreign trade, even to America or to Europe, is merely a fraction of its immense and overwhelming internal trade. Now the internal trade depending entirely on the crops, it follows that the state of the crops in England have a very important bearing on the cotton trade of New York, Charleston, and New Orleans.

I have not time to elucidate this by facts and figures, although I have abundance—I can only enunciate the proposition.

This being the case, the question becomes very interesting—what is the state and prospect of the crops in Great Britain? I have been all over England and Scotland. I have been enquiring in every quarter as to this question, and from the widest and best information I can find, the crops will generally be an average, and in many places over an average. If this turn out

to be the fact, as I think it will, it will be seen that the manufacturers will find good markets, and consequently become keen purchasers of our staple. The stock on hand here is greater by 150,000 bales than it was at this period last year, but the imports up to the same time are still greater, being 300,000 beyond those of last year. The prices also are better by 19 to 15 per cent. than they were at this time last year. The following is last week's table on this point.

During the last few months, since the cotton has been arriving in great quantities from the United States, there has been a great struggle here between the buyers and sellers about the prices. The large holders here have been straining every nerve to hold the cotton in order to keep up the prices—the spinners and manufacturers have been pursuing the opposite policy of taking as little as possible. I think the contest will be governed by the crops in this country, and the ability of the banks in the United States—that is to say, it will terminate in a compromise, leaving the prices and demand nearly as they are at present. For two years to come, the cotton market will not vary much. It will take that time to start in a fresh career under the new impulses now in action. But for the United States Bank, and the other banks of our country that came into the market, including also their policy of a suspension of specie payments, the value of our present cotton crop would have been \$10,000,000 less than it will fetch. The agents of the United States Bank here, Humphries & Biddle, have an immense stock on hand, and are daily receiving more. Only consider that at this moment there are one hundred and twenty American ships in this port—in London, only half a dozen. The policy of delaying the resumption of specie payments in the south, whatever be the morals of it, has undoubtedly realised \$10,000,000 to the United States that would have been thrown away here. Recollect, I do not approve of any banks going into commercial operations—but our banks were forced into that position by an overruling emergency—and the doctrines held forth and violently persisted in by the Barings and their agents in New York, were narrow, selfish, suicidal, and destructive to southern interests and southern property.

The gross amount of cotton sold here in one year is 13,000,000 pounds sterling, or 65,000,000 dollars. All this quantity is sold by 180 brokers, but out of this number only 12 do the greater part of the business. The following are the leading cotton brokers:—

George Holt & Co., commissions at half per cent.	£10,000
Hodgson Ryley, do. probably,	5,000
Tattersalls & Sons, do. do.	5,000
Haywood & M'Vicker,	5,000

One half the large Liverpool merchants are natives of Scotland. They are capital men of business—a large infusion is Yankee, also smart fellows. Our American packet ship captains are a race *en genere*. There is nothing in the world like them. They unite the gentleman and the seaman as neatly—they are so much at home in the cabin or the fore-castle, that no other country can come up to them. Sir John Tobin says, we in England have the steamers and the capital to establish lines to New York. Some of our banks can resume specie payments simultaneously. The agent of the Mobile Bank here says very confidently that “the southern banks cannot resume till next crop. A continuance in the partial suspension in the south at least, will prevent the fall of cotton here, till the next crops of England come into play, and the internal trade, as well as the foreign, force the manufacturer to pay the prices of the brokers. Humphries & Biddle will make large profits by their commissions—the bank will lose.

The things we want—that is, the American captains.” This by the way—to cotton again. The principal holders of cotton here at present are as follows:—
Humphries & Biddle, about . 125,000 bales.
Brown & Co. 120,000 “
Baring & Brothers, 55,000 “
Dennistoun, (a Scottish house), . 50,000 “

The whole stock on hand is larger than I have previously stated—some say it reaches 500,000 bales. The Browns are the principal sellers—the other houses holding on as much as possible. Browns will come out of the revolution, stronger and better than ever. Out of protested paper to the amount of 700,000 pounds returned to New York by the Browns in 1837, they will not lose 50,000 pounds. I am glad of it, for they are a highly respectable house. Hereafter the American trade in cotton will be controlled by the three B's; the Biddles, the Barings, and the Browns. The day of the three W.'s is past and gone forever.

The superabundance of money in England is increasing. The Bank of England has \$3,000,000 in deposits, waiting for investment. If the corn crops in this country and the United States be only full this year, trade will revive astonishingly—and probably cotton may rise in price, although I could not predict it positively.

THE MARKETS.

CORN.—On the 20th of July, the Liverpool Corn Market was rapidly improving. There had been very heavy rains in England, which has injured the wheat crop very materially.

COTTON.—At Liverpool, on the same day, Cotton was steady. The sales of the week were small compared with the corresponding week of last year.

Sales of the week ending Friday, July 20, 1838.

5750 Uplands,	5½	a	8½d.
6210 New Orleans,	5		8½
3320 Alabama,	5		7
190 Sea Island,	19		26
620 Pernambuco,	8½		9½
280 Maraham,	7		8½
680 Bahia,	7½		8½
830 Egyptian,	9½		12½
800 Surat,	4		5½
20 West India,	7½		
540 Lagaira,	7½		8½
20 Carthagene,	5		
500 Peruvian,	8		9½

19,760 bales.

From the New York Courier and Enquirer.

Commercially, the following notice from the house of Wildes & Co., which appeared in the London evening papers of the 26th of July, will be deemed of importance:—

“All persons having any claims against George Wildes & Co. as Bill-holders or otherwise, are requested to present the same for payment at their counting house, No. 19 Coleman street.”

In relation to this notice, a private correspondent writes as follows: “By the evening papers just issued, you will see that George Wildes & Co. advertise to pay off all their book debts and acceptances. This is so far well. They only pay a part of their accommodation to the Bank, and you are consequently aware that the securities still remain for the portion unpaid, but this they are to pay by instalments, for which the dates are fixed.”

New British Coinage.—The London Gazette contains a proclamation, announcing an order for a new coinage of pieces of various descriptions, viz. of gold

25 pieces, of the value of 100 shillings each, double sovereigns, of the value of 40s., sovereigns of 20s., and half sovereigns. Also silver pieces as follows—crowns to have the same obverse and reverse impression and inscription in all respects as the five pound piece, with the same words on the edge; half crowns; shillings; sixpences, and groats, or four penny pieces. Also pieces called Queen's Maundy money, or four pence, three pence, two pence, and one penny value each. And also a new copper coinage.

NEW TREASURY CIRCULAR.

To Collectors and Receivers of Public Money.

Treasury Department,
July 14, 1838.

Congress having adjourned without making any additional provision for the security or safe keeping of the public money, it is obvious that in the present state of the laws and the Banks, an unusual responsibility devolves upon those who collect the revenues of the General Government. The difficulty in obtaining suitable depositories for it, as well as in transferring or paying it out conveniently, without the aid of that farther legislation, the necessity and character of which have been fully explained in public communications from this Department, imposes on all Collectors and Receivers the duty of extraordinary vigilance and care.

The President expects that exertions corresponding to the occasion will cheerfully be made by every officer, and that no effort will be spared to have all the laws, as well as the regulations and instructions of the Treasury Department, scrupulously enforced. Accuracy in your accounts; punctuality in returns; promptness in your deposits and payments, and entire forbearance to use any part of the public funds for private purposes, will, it is hoped, characterize the whole class of collecting officers hereafter. In the present condition of things, if any departure from such a course should unfortunately occur, it will be much regretted: and, however unpleasant the task, an exemplary and severe notice of the irregularity will become necessary, in order to secure the great public interests involved in the subject. The duty on the part of the public officers to abstain from the employment of the public money for private advantage is so apparent, that no excuse whatever for it can be deemed admissible. Respectfully yours,

LEVI WOODBURY,
Secretary of the Treasury.

TREASURY NOTES.

The whole amount of Treasury notes authorized by the act of 12th of October, 1837, has been issued by the Treasurer of the United States, viz: \$10,000,000.

The amount returned to the Treasury for duties and lands, and in payment of debts, is about \$6,570,000.

There has been issued up to this day, under the provisions of the act of 21st of May, 1838, \$4,904,014 25.

LEVI WOODBURY,
Secretary of the Treasury.

TREASURY DEPARTMENT,
July 2, 1838.

TREASURY DEPARTMENT,
August 1, 1838.

The whole amount of Treasury notes, authorized by the act of Oct. 12th, 1838, having been issued, viz: . . . \$10,000,000 00
And there have been redeemed of them about 7,100,000 00

The new emissions made in place of those under the act of May 12th, 1838, have been 5,066,582 81

This leaves a balance of all outstanding, equal to only \$7,986,582 81

LEVI WOODBURY,
Secretary of the Treasury.

OFFICIAL—NOTICE.

The money bequeathed by the late James Smithson, Esq., of London, for founding an institute in the city of Washington, amounting to about a half of a million of dollars, will, it is expected, be received during the present month. By an act passed July 7th, 1838, the undersigned is directed to invest the same "in stocks of States, bearing interest at the rate of not less than five per cent. per annum." He is now prepared to receive proposals from persons who have stocks of this description to dispose of.

LEVI WOODBURY,
Secretary of the Treasury.

TREASURY DEPARTMENT,
August 6, 1838.

The following estimate of the amount of American stocks held in England, is given in Mr. Garland's late speech in Congress against the Sub-Treasury bill.
Estimates of American Stocks held abroad, principally in England.

Louisiana Bank Stock in Bonds of the State	\$22,000,000
Pennsylvania State Stocks	16,000,000
Do United States Bank	20,000,000
New York State	4,500,000
Do City	1,500,000
Alabama State	4,500,000
Mississippi do	2,000,000
Ohio do	3,500,000
Maryland do	3,000,000
Virginia do	2,000,000
Illinois do	2,000,000
Indiana do	4,000,000
Florida Territory	1,500,000
Farmers' Loan and Trust Company, 5 per cent. Bonds	3,000,000
New York Life Insurance and Trust Company, 5 per cent. Bonds	1,500,000
American do do do	1,000,000
Mississippi Bank Stock	1,000,000
Tennessee do	800,000
Delaware and Raritan Co. and Camden and Amboy Rail Road Co. Bonds	2,000,000
Miscellaneous Stock and Securities	14,200,000
	<hr/>
	\$110,000,000

Globe, 11th July, 1838.

DOMESTIC INTELLIGENCE.

BRIDGEPORT BANK.—More than the requisite amount (\$100,000) of the new capital stock in this bank was subscribed before the books were closed on Tuesday. The new directors are prudent, efficient, business men, and are determined to raise the credit of the bank to its former enviable height.—*Rep. Farmer.*

THE LUMBERMAN'S BANK AT WARREN.—A report has been circulating for some days past to the effect that this bank is about to recommence operations. We are authorized to state that the report, to say the least, is

premature. A recommencement of business on the part of this institution is yet altogether uncertain.—*Bicknell's Rep. Aug. 13.*

LUMBERMAN'S BANK.—A letter from a respectable source in Warren county, Pa. states that the stock of this bank had been transferred for five years to individuals in trust. But no mention is made of any arrangement by which the bills are to be redeemed.—*Journal of Commerce.*

GERMAN BANK OF WOOSTER, Ohio.—The *Cleveland Herald and Gazette* says this broken institution is to be revived and re-organised under its old charter.

A letter from the editor of the *Cincinnati Gazette*, dated Canton, Ohio, July 26, states that there is a general opinion that the Canton Bank will recover and again transact business.

Joseph D. Adams, late cashier of the Fulton Bank, in this city, appeared yesterday before the Municipal Court to answer seven indictments for defrauding that institution, on which he was arraigned. He gave bail in \$23,000 for his appearance at trial next term.—*Boston Journal, Aug. 11.*

Lieut. Governor Rutherford, of Virginia, has issued his proclamation authorising the Exchange Bank of that state to go into operation, having three fifths of her capital already subscribed.

WOODSTOCK BANK.—Our readers will doubtless be pleased to learn that this bank has resumed the payment of its notes, and the bills have become current in Boston, here, and elsewhere.

The banks now, we believe, in this state, have all resumed specie payment, and are considered sound, except the "rotten concern" at Windsor. This bank is evidently in a rotten condition, and the bills are not worth more than *twenty-five cents* on the dollar, if they are worth anything. What discoveries, however, may be made by a legislative investigation, we do not know—we should not advise the holders of the bills to sacrifice them entirely at present.—*Rutland (Vt.) Herald, Aug. 8.*

BANKING IN FLORIDA.—The *St. Joseph (Florida)* Times expresses a belief that the responsibilities of the Commercial Bank at Apalachicola, will not fall short of \$400,000, and that its recoverable assets will not pay more than ten cents in the hundred. This is the bank which, in the person of Hugh Stephenson, who had bought up the stock, attempted lately to get off to Texas, leaving the bill-holders to pay themselves as they could. Stephenson was also president of the West Florida Bank, and owner of the old Magnolia Bank, (all broken institutions;) when arrested he had in his possession \$125,000 in bills of the West Florida Bank, which it is said he designed for circulation in Texas.

From Clark's Boston Bank Note List for August.

MONEY MARKET.—The money market is without material change since our last. The banks are discounting liberally, and money is plenty at 6 per cent. per annum.

The Roxbury Bank, at Roxbury, has at last blown up. It seems to us that here is a case which should be looked into by the proper authorities. The bank was owned and controlled by a party of New York speculators, and at the late session of our legislature their charter was repealed, notwithstanding the great efforts made by them to save it.

Since that time new bills to a large amount have been signed and circulated in distant parts of the country, particularly in Maine and in the western states. We cannot, of course, know the amount issued, but we have good reasons to believe it is not less than

\$30,000 to \$45,000. Let those whose duty it is look at it.

HARD TIMES.—The Pontiac, (Mich.) Courier contains a notice calling on the citizens of that village to assemble for the purpose of taking into consideration the propriety of suspending the collection of executions until the times become better.

Several persons from the western states, with whom we have recently conversed, say that the *pressure* in that quarter is much more severe this year than it was in 1837. The east was first so, and will be first out.—*Journal of Commerce, Aug. 2.*

MICHIGAN MONEY.—The *Detroit Advertiser* of July 31st, says "the money of this state is still improving in the confidence of the public, and of course grows scarcer. Nearly all of the notes of the best chartered banks are out of circulation—some having been redeemed, and others placed in deposit, which have not again been thrown in circulation."

Three of the Pennsylvania banks—the Harrisburg Bank, the Middletown Bank, and the Columbia Bank—resumed specie payments in full on the 1st of August.

AN ACT to restrain the circulation of small notes, as a currency, in the District of Columbia, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, after the tenth day of April next, it shall be unlawful for any individual, company or corporation, to issue, pass, or to offer to pass, within the District of Columbia, any note, check, draft, bank bill, or any other paper currency, of a less denomination than five dollars; and if any person or corporation shall violate the provisions of this section, the person so offending, or, in case of any corporation so offending, the officers of any such corporation for the time being, shall be liable to indictment by the grand jury of the county within the District where the offence shall have been committed; and the person so offending, or the officers of the corporation so offending, shall, on conviction thereof, be fined in a sum not exceeding fifty dollars, at the discretion of the court, for every offence: one half of said fine shall be paid to the prosecutor, the other half shall be for the use of the county where the offence shall have been committed: *Provided*, That should the prosecutor offer himself, or be admitted, as a witness for the prosecution, he shall forfeit all claim to any part of the penalty, and the whole shall go to the county, and the court shall give judgment accordingly; and the person so offending, and the officers of any corporation, shall also be liable to pay the amount of any note, bill, check, draft, or other paper, constituting part of such currency, to any holder thereof, with all costs incident to the protest and legal collection thereof, with fifty per cent. damages for non-payment on demand, to be recovered by action of debt; and in case of judgment for the plaintiff, execution thereon shall be had forthwith; and it shall be the duty of the district attorney of the District of Columbia to commence prosecutions against all persons and every corporation offending against this section, of which he shall have knowledge or probable information; and, in case of corporations, the prosecution shall be against the president, or any director or cashier thereof for the time being; and it shall be the duty of the grand jurors to present all such offences of which they shall have knowledge or probable information; and, that no member of a grand jury shall be ignorant of his duty in this particular, it shall be the duty of the court having cognisance of all offences against this

section to give the same in charge to the grand juries, at the commencement of the first term after the passage of this act.

SEC. 2. *And be it further enacted,* That, from and after the passage of this act, it shall be unlawful for any individual, company, or corporation, to issue, deliver, or knowingly to pass, or procure to be issued, passed, or circulated, within the District aforesaid, any note, check, bank-bill, or other paper medium, of the denomination aforesaid, evidently intended for common circulation, as for and in lieu of small change in gold or silver, or for any other pretence whatever, and which shall be issued and circulated for the first time after the period above limited in this section, under the penalties provided in the foregoing section.

APPROVED, July 7th, 1838.

Among the bills industriously pressed through the House of Representatives on Saturday night, (or Sunday morning,) by nearly or quite a party vote, was the bill, which a long time ago passed the Senate, for preventing the circulation of small money bills within the District of Columbia. The first of April last was the day on which the Senate intended it to take effect; and so the bill was made to read "from and after the first day of April next," &c. &c. The Previous Question, called in the House by the friends of the bill, cut off all amendment; so that a bill has been passed, which in effect sanctions, until the first of April next, the issue and circulation of these small bills, which, before that time, it is hoped, in the natural course of things, will have ceased to circulate at all. In this case, as often happens, party zeal has overreached itself.—*Nat. Int. July 9th, 1838.*

From the Mobile Shipping and Commercial List, Aug. 3.

Business remains nominal. There is scarcely a transaction to found a quotation of wholesale prices upon. *Exchange*—The causes which we have previously adverted to, are producing the anticipated effect upon our exchanges. The rates have declined some three per cent. from our last quotations. We then stated that though the Banks might put off resumption even to July, 1839, the rate should be no more than 6 per cent. on New York. Since then we have received the statement of the condition of the Branch of the State Bank at this place, on the 2d of July last. This is more favourable than we anticipated, and shows that there wants but the resolution to resume specie payments to-morrow. We learn from the statement that the indebtedness of the institution on that day, including a circulation of \$2,445,411, was \$5,801,948. The specie and specie funds amounted to \$3,588,485, leaving her indebtedness \$2,213,463, or \$231,948 less than her circulation. Of this indebtedness, we learn that \$689,721 have been paid since the date of the exhibit, and there would be about \$500,000 more of it to lie over, leaving her immediate liabilities (supposing the 1,090,000 and upwards, due individual depositors, to be at once demanded) only \$613,742. Against this insignificant sum there are to be placed \$8,124,038 of debts due the Bank, besides her real estate and profits on her business. Her circulation alone ought always to be double those immediate liabilities. In view of these facts, we repeat that there wants but the will, to resume specie payments on the opening of the business season; and we do not see how the most awkward management could prevent it. Nor ought we to feel surprised at her condition, when we remember that the people have almost doubled her capital to rescue her from her embarrassments. We shall be surprised indeed, however, if she uses those very means to enter the cotton market, usurp the merchant's rights, and

saddle those she has created and relieved to protect, with the enormous tax and disgrace of an additional six month's depreciated currency.

The Bank of Cape Fear, in North Carolina, resumed specie payments on the 25th July.

Mr. J. Corbett Peele, one of the Cashiers of the Manchester Bank, who abandoned recently, having in his possession upwards of £1000, belonging to the bank, was apprehended at the Hague by a Manchester police officer, who returned with his prisoner to England on Sunday week. On Saturday the prisoner was brought up at the New Bailey, and remained until this day, (Saturday.) It has transpired during the last two or three days, that an objection is intended to be taken, which many think will be fatal to the prosecution. The objection is, that the prisoner, being a shareholder in the Bank, becomes to all intents and purposes a partner, and that as such he cannot be prosecuted criminally, on the special ground that in law he had a legal right to take the money, such money being joint property.—*Manchester paper.*

The Portland Banks one and all have resumed specie payments in full, without the least trouble to the Banks or the community.

The branch of the Bank of the State of Georgia, located in Augusta, has given notice that it will resume specie payments on the 1st of October next, the day appointed by the Savannah banks for resumption.

SPECIE PAYMENTS.—It is stated in the Nashville Banner that the Bank of the State of Arkansas has adopted a resolution proposing a convention of the Banks of Tennessee, Mississippi, Alabama and Louisiana, with a view of bringing about a concert of action on the resumption of specie payments.

According to the statement of the condition of the New Orleans Banks, made up to the 6th instant, it appears that their whole circulation is \$7,500,718, and the amount of specie on hand is \$3,418,337. Their circulation since the 2d of July has been diminished \$386,140, and their specie has increased within the same period \$124,513.

The Millidgeville Journal of the 14th inst. states that Major Crawford, President of the Board of Commissioners of Internal Improvement, has succeeded in negotiating in New York a loan of half a million of dollars, to carry on the Western Atlantic Rail Road now in progress by the State of Georgia, from the Tennessee Line to the Chattahoochee.

MORE RESUMPTION.—We learn with pleasure that the Vicksburg Bank has arranged for a loan of \$1,200,000, and the Planters Bank of Mississippi for a loan of \$1,500,000, and that the Mississippi hold stock of five millions issued for the establishment of the Union Bank has been so far negotiated as that the parties are authorized to draw immediately for two millions. All these sums making about five millions in all, will enable Mississippi to "wheel into line" at once and "dress by the right" on New York.

These negotiations have been made at Philadelphia, chiefly, if not wholly, and under the patronage of the United States Bank there. All the country will therefore immediately be brought into the ruinous policy of resumption, by which first and foremost New York so madly destroyed herself. We shall soon see no sale of exchange within the United States above 2½ per cent.—*Journal of Commerce, Aug. 20.*

NEW COTTON.—One bale of new cotton was yesterday brought to this city, from the plantation of the Rev. J. Harris, of Burke county, stored at S. Kneeland & Co's. warehouse, and sold at 13 cents; quality good.—*Augusta, Geo., Sentinel, Aug. 18.*

RESUMPTION IN ALABAMA.—We learn that the Bank of Mobile has invited a Convention of Delegates from all the Banks in Alabama, to be convened at Blount Springs, on the 17th of September, for the purpose of proposing and taking measures for a simultaneous and early resumption of specie payments.

From Bicknell's Reporter, Philada. August 21st.

DISREPUTABLE CONDUCT.—No little excitement has been produced in our city within the last week, by the extraordinary course of some of the New York brokers. These gentlemen have, in some instances, forwarded Philadelphia bank notes to this city, and in order to avoid paying a fair rate of exchange on New York, have demanded the specie from the Philadelphia banks, and had it taken to the commercial emporium. Much indignation has been produced by this conduct. It is unfair, as well towards the Philadelphia brokers as the Philadelphia banks, and has naturally excited censure. We mention the circumstance for the information of our New York friends, confident that they will correct this mode of proceeding the moment they are aware of the feeling it has produced. Exchange on New York can readily be obtained in this city at a quarter per cent. premium. It is a mean business under such circumstances, therefore, to endeavour to reduce the specie resources of our banks.

It should be remembered moreover, that some time since the New Yorkers were loud in their promises to assist Philadelphia, if necessary, by the loan of specie. Is this the way in which they have determined to redeem those promises? Surely our neighbours have determined upon a singular course! The Philadelphia banks have heretofore conducted their affairs with propriety and honour, and would scorn to resort to the wanton and illiberal device alluded to. They are above such petty business, and would rather lose the profits of a million for years, than pursue any game calculated to cripple their brethren, or retard a successful and satisfactory resumption of specie payments.

SALES OF STOCK AT PHILADELPHIA.

August 27.

\$50 Treasury notes, 6 pr. cts.	100½	100
50 " " "	101	
5000 " " "	100½	
500 State Five, 1841,	99½	100
10 shares Mechanics' Bank,	55½	35
5 " Schuylkill Bank,	51½	50
60 " Union Bank, Tenn.	95	100
5 " Vicksburg Bank,	88	100
5 " Danville & Pottsville R. R.	20	50
20 " Philadelphia Loan,	24	25

SALES OF STOCK AT NEW YORK.

August 25.

70 shares U. S. Bank,		123
1125 " Del. and Hudson Canal,	84	84
90 " Morris Canal,	70½	70
600 " Vicksburg Bank,	89	88½
75 " New Orleans Canal,		92½
29 " Ohio Life and Trust,		108½
175 " Kentucky Bank,	91½	93½
375 " Mohawk Railroad,	75	75½
675 " Patterson Railroad,	74	74
25 " Boston & Providence R.R.,		105
200 " N. J. Railroad & T. Co.		105
53 " Boston & Worcester R.R.	101½	102½
608 " Stonington Railroad,	69	70
100 " Harlem Railroad,		71

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

August 25.

Bills on London, 60 days sight,	91 a 9½ p. cent. prem.
" France,	5 20 a 5 22½ fr. p. doll.
" Holland,	40 a 40½ ct. p. guilder.
" Hamburg,	35½ a 36 ct. p. m. b. a.
" Bremen,	79½ a — ct. p. rix doll.
" Boston,	par a ½ discount.
" Philadelphia,	1½ a 1½ do.
" Baltimore,	1 a 1½ do.
" Richmond,	3½ a 4½ do.
" N. Carolina,	2½ a 3½ do.
" Charleston,	4½ a 5 do.
" Savannah,	4½ a 5 do.
" Augusta,	9 a 9½ do.
" Mobile,	4½ a 5½ do.
" New Orleans,	2½ a 3 do.
" Louisville,	10 a 12 do.
" Nashville,	12 a 13 do.
" Natchez,	5 a 6 do.
" St. Louis,	2 a 3 do.
" Cincinnati,	10 a 12 do.
" Michigan,	4 a 5 do.
" Detroit,	7 premium.
Americas gold,	per a ½ do.
do. new coinage,	2½ a 3½ do.
Spanish dollars,	5 a 6 do.
Carolus do.	½ a 1 do.
Mexican dollars,	par
Half dollars,	94 a 94½ cts. each.
Five-franc pieces,	\$16 45 a \$16 80 do.
Doublons,	15 68 a 15 68 do.
do. patriot,	\$4 85 each.
Sovereigns,	

WEDNESDAY, AUGUST 26, 1836.

SPECULATION IN 1836.—The Albany Argus contains the following statement, which it is presumed is made up from official returns.

SALES OF LAND AT AUCTION.

The amount of the sales of lands at auction in the city of New York, for the quarter ending on the 31st of March 1836, was \$3,247,700
Do. for the quarter ending June 30th, 1836, 8,305,849

Total sales in six months, \$16,573,549

Amount of sales for quarter ending 31st March, 1836, \$966,196
Do. for quarter ending 30th June, 1836, 379,750
1,345,946

Decrease for six months in 1836, compared with 1836, \$15,227,603

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

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Nathan Hickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be invariably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locket on Money.*

Vol. II.

WEDNESDAY, SEPTEMBER 5, 1839.

No. 10.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT LAW.

(Continued from page 138.)

CHAPTER XIX.

Opinions of Mr. Stuckey, with reference to the preceding proposed alterations—Improvements as to country banks suggested by Mr. Stuckey, Mr. Forster, and Mr. Wilkins.

I. MR. STUCKEY—LEGAL TENDER.

[Stuckey, 1,057] It would be very desirable that a power should be lodged with the government, of authorising the bank, under certain circumstances, to pay in uncoined gold, as they have done before; and that under such circumstances the country banker should be entitled to pay his notes in Bank of England paper exclusively. Periods of alarm may arise, in which almost every body demands sovereigns, and it may be impossible for a banker to comply with such demand, although he may be possessed, at the moment, of abundance of property. Had the Bank of England note been a legal tender in 1825 on the part of country bankers, some of the inconvenience of that period might have been avoided. An enactment, that Bank of England paper should, at such a period, be made a legal tender for the country banks, [1,058,] would have a tendency to secure the public against those great fluctuations which are so prejudicial. In point of fact, it acts as a legal tender at present in most cases; but times might arise when it might not be so received.* [1,065.] It would be no accommodation whatever to a country banker if, in a period of discredit, he were enabled to pay to the amount of five pounds in *silver*, instead of forty shillings, to which he is now limited by law.

* Mr. Stuckey states, that in May 1832, the public preferred gold, and even the notes of his bank, to those of the bank of England.—1,059. But he ascribes that discredit to political motives, not to any actual distrust.—1,061.

II. LIMITATION OF THE PAPER CURRENCY TO NOTES OF THE BANK OF ENGLAND.

[Stuckey, 1,146] If the whole circulation of England had been nothing but Bank of England notes during the months of May and June 1832, they would have been obliged to pay away much more gold than they had paid in consequence of the excitement which then prevailed. The general feeling was then more against the Bank of England than against country banks, or rather in favour of having gold, with a view to serve a particular purpose as against the bank and the (proposed) government. [1,148.] In case of a panic arising from political, or even occasionally from commercial, circumstances, less confidence would be reposed in the Bank of England paper than in that of some country banks. [1,149.] If the whole circulation of the kingdom consisted of Bank of England paper only, it would frequently be attended with greater pressure on the bank, than the mixed circulation which now exists. Country bankers of property and character are known in their neighbourhood, and their notes are hoarded where those of the Bank of England would not be kept. [1,150.] Had the branch banks been in operation during the panic of 1825, many of them must have dropped, because when the people got their paper, they would have gone immediately and demanded sovereigns for it.

Besides, the notes of country bankers are so well known in the neighbourhood where they circulate, that attempts are rarely made to forge them. [1,156.] Since the improvements which have been recently effected in the engraving of their plates, they feel as much security as such a subject will admit of, [1,160,] against losses arising from that source. But it is not so with Bank of England notes. [1,161.] "I have often," says Mr. Stuckey, "heard farmers who brought Bank of England notes to our counters say, for any thing they knew, those notes might be forged, but that they knew our paper." If it happened that a mischievous rumour were circulated in the country, [1,162,] importing that there

were a great many forged Bank of England notes in circulation, and that that rumour prevailed at a time of a panic, it would decidedly produce a much more prejudicial effect in shaking the public confidence, if the whole circulation consisted of Bank of England paper, than if it consisted, as it now does, partly of that paper, and partly of the notes of country bankers. [1,168.] A circulation that should rest upon the security of separate banks scattered over the country, would be less liable to universal distrust than a circulation issued by one great body, however responsible.

III. ONE BANK OF ISSUE.

[Stuckey, 1,262] The distance from London of banking companies with an unlimited number of partners might, perhaps, be safely reduced under sixty-five miles; but they ought not to be permitted to enter the metropolis. A variety of banks in London, where the foreign exchanges are regulated, would be dangerous. [1,214.] Had a number of such establishments been in operation in the metropolis at the period of the panic, the bank could not have issued the notice which they published in the midst of the alarm, of offering to lend money upon government securities. That was a very proper notice, and it did great good.

IV. SECURITY FOR THE CONDUCT OF THE BANK.

Although the panic of 1825 was caused by an over issue on the part of the bank, in which excess the country bankers participated, yet the public have a security against the recurrence of such mismanagement in the experience of the past. [Stuckey, 1,208, 1,209.] The subject, moreover, is much better understood than it was. [1,211.] Before that time, the bank did not sufficiently look to the course of the exchanges; but by the system of management which they have since adopted, they have kept the exchanges more equal. [1,212.] The only security that exists for the continuance of that principle of management, is the fact that it is essential to their own safety. [1,213.] Beyond this, the public have no guarantee for the good management of the affairs of the bank. [1,217.] But there is no business in which the public have any security. There is every reason why dependence should be placed upon the principles that now guide the Bank of England—principles that will prevent them from getting into any difficulty, unless it be at a period of political or popular commotion, for which they would be in no way accountable.

V. PUBLICITY OF ACCOUNTS.

[Stuckey, 1,046] There can be no objection to the publication of a general account of the state of the bank periodically, with reference to an interval antecedent to that at which the publication is made. But it would not be prudent, [1,045,] or even safe, for them to disclose to the world the amount of bullion and coin in their possession. Suppose the bank have 30,000,000*l.* of circulation, 10,000,000*l.* of sovereigns, and 20,000,000*l.* of government securities; the ten millions of sovereigns would not of course pay all the circulation, and yet the bank would be perfectly solvent. [1,067.] But ignorant persons, looking only to the amount of the gold, might not think so, and then alarm might arise. If publicity could operate as a check upon the bank, and prevent jerks in their circulation, it would be very desirable. [1,049.] But the publication of their bullion, by giving rise to unnecessary apprehensions, would tend to produce those very jerks, and to render the conduct of the bank unsteady. [1,053, 1,054.] If their specie were run low, and they were obliged to contract their circulation by a sale of government securities, that would render it necessary for the country bankers to make a corresponding contraction by similar means. And if these were apprised of the intention of the bank, as they would be by a publication of the bullion account, so to contract the circulation, a simultaneous action would take place among the country bankers, [1,055,] which might impede the bank in righting themselves by the sale of their government securities in London. [1,056.] Such a publication of the state of the bullion would therefore be objectionable.

[1,106] With respect to country private banks, the publication of their assets and the demands upon them, in detail, would necessarily affect their credit, although that would very much depend upon what those assets and demands were at the time. But though they ought to return their circulation periodically, [1,108,] they ought not to be called upon to submit to the same degree of publicity as a chartered company. Those who ask for privileges ought to pay a stipulated price for them. The mere issue of paper money is no privilege; there is very little difference between that operation and drawing a bill of exchange.* [1,109.]

* The next witness in the order of examination, Mr. Beckett, upon being asked whether "there was any alteration of the powers of the bank, or with respect to the establishment of branch banks, which he would

VI. IMPROVEMENTS IN COUNTRY BANKS.

All joint-stock banking companies ought to be bound to return annually a statement embracing an account of the whole state of their concerns. [Stuckey, 1,044.] If a bank be permitted to have a charter, the parties granting the charter ought to require such a statement. But although such an account ought to be laid before government, it would be quite a different thing to have it published in the newspapers. [1,045.] It would make the country banking perfect, if the government had the power of granting charters with a limited responsibility. [1,203.] For example, if a party advanced 2,000*l.* he might be held answerable to the extent of 6,000*l.* or 8,000*l.* "I know that many gentlemen," says Mr. Stuckey, "do not like to join in a bank, because the responsibility is not limited. I have heard it frequently said, 'I do not like to risk 100,000*l.* of property to take 5,000*l.* in a bank; but if you had a limited responsibility I should join it at once.'" If the public were aware that each individual in a company was not responsible to the whole amount of his property, it ought to have some security; the government granting the charter should require from each company an account of their assets, annually at least. [1,204.] The public would have entire confidence in such a company, [1,205,] even though each member of it might be responsible to twice or three times the amount of his share; if there were many respectable persons in a bank, their characters would be a guarantee as much as their property. The paid-up capital of a chartered bank should be lent to government at a certain interest, [1,206,] to be repaid at par, in order to avoid the consequences of a fluctuation in the stock; and perhaps some regulation might be adopted by which such banks could get back their capital in case of alarm, and when they had paid a certain portion of the demands upon them. The establishment of chartered banks with a limited responsibility of partners, and a paid-up capital, [1,218,] would create a sound system of banking in the course of a few years. It would very much increase the number of respectable persons taking an interest in such institutions, [1,220,] and thus improve their management as well as their credit. The personal exertions of such individuals have great effect in time of alarm and discredit.

recommend to parliament with reference to the interest of his particular neighbourhood and business?" answered, "I do not recollect any; we are quite satisfied with it as it stands at present."—1,449.

Mr. Forster suggests, with reference to the enactment, that the notes of the Bank of England shall be received in all revenue payments (in consideration of the sum lent by the bank to government,) that country bankers should have some such privilege. [Forster, 1,575.] If they were allowed to make a deposit with government at a certain rate of interest, and, upon the strength of that deposit, to issue notes receivable in revenue payments, upon the production of which notes at the government office, the banker should be entitled either to withdraw an equivalent amount of his deposit, with interest, or to re-issue his notes so guaranteed, it would produce various beneficial consequences. It would infuse new life into the country banking business, which is now rather a dying concern; it would elevate it in the scale of respectability, and check the disposition which now prevails upon the part of gentlemen of opulence to retire from the trade altogether. [1,576.] It would, moreover, tend to increase the circulation, which some persons think inadequate at the present moment, and to give the country the benefit of government responsibility, without the evils of a government currency. Country bankers should not be compelled to adopt this plan; and the option might even be given them of acting upon it with reference to one part of their circulation, and of refraining from it in regard to another.

[Wilkins, 1,804.] Mr. Parry Wilkins laid before the committee a plan of a chartered company with limited responsibility, for the district including Herefordshire, Monmouthshire, and South Wales, the centre of which should be at Brecon—the capital 600,000*l.*, of which half should be paid down; and the establishment to do business only with the notes of the Bank of England. He states that this plan was received favourably by a number of influential gentlemen* in that neighbourhood, who would take shares to a large amount, provided the responsibility were limited; but if it were to be unlimited, it would be impossible for him to get partners. [1,881.] He would take deposits at any interest to two and a half per cent., the consequence of which would be, that the deposits now in the branch banks in that neighbourhood, would

* [1,837.] Do you think that gentlemen might be induced to embark in such a bank, for the purpose of becoming debtors to the bank themselves?—Some of them, might." "1,838. Is it consistent with your knowledge, that when the bank of Messrs. Jones & Walters failed, many of the country gentlemen placed their names down as directors of a similar bank to what you propose, the greater part of whom were debtors to the bank of Walters & Jones?—It would be unfair in me to answer that question."

be immediately withdrawn and placed in the new chartered bank, because the depositors would have quite as much confidence in the new bank as they now have in the branch Bank of England, from which they receive no interest. These deposits he would lend to the agriculturists at five pounds per cent. upon promissory notes, holding back the two and a half per cent. as a sinking fund, to cover any loss that might be sustained in the business of the bank; and he would discount the trade bills of the country to a very large amount. The branches do not discount bills at a longer date than three months, whereas the iron trade bills of South Wales are drawn at six months. Such a bank would eventually extinguish all the other concerns in the neighbourhood: [1,808.] it would afford twice or three times the accommodation at least to the neighbourhood which is given by the banks at present established. [1,809.] It would have no occasion for any advances from the Bank of England, as its own paid-up capital would command a sufficient supply of notes. [1,812.] Mr. Wilkins calculates, that by means of discounts and loans in that part of the country, he would, as manager of the proposed establishment, be able to share a dividend of ten per cent. among the proprietors. [1,819.] The security to the public would be the amount of the paid-up capital, and the company acting exclusively with Bank of England notes, which they would advance upon good security only. [1,846.] A chartered company of the kind here proposed, with limited responsibility, issuing their own paper, would be injurious to the country, by leading to over trading. [1,847.] A private banker would be in some degree checked in his issues, by their being known only within a limited distance; but no check of that sort would operate with reference to a chartered company with limited responsibility, which manufactured their own paper money. Even a private banker would be much more safe from failure, if he were to use only the paper of the Bank of England, [1,853 ;] and it would be a very fortunate thing for the country if that were the universal practice.

VII. SECURITY FOR CONDUCT OF COUNTRY BANKS.

There is scarcely any security for the proper conduct of a country bank, save in the general feeling of its good management and the property of its partners. [Stuckey, 1,033.] But government might be invested with the power to grant charters with limited liability, and then they might require a paid-up capital

and other provisions for the safety of the public. [1,036.] The capital so paid-up should be lent to government, as that of the Bank of England now is. That would afford a guarantee, not only for the due payment of the notes, but also for the proper conduct of the establishment, as no bank with a paid-up capital would be likely to run any very great risk with the other part of its property. [1,034.] It would not, probably, make over issues of its own paper, [1,037.] which would be calculated to press on the gold in the coffers of the Bank of England. [1,039.] It is not possible for a country banker to make an over issue for any length of time, without its coming back upon him; certainly he could not do so with safety during a contraction of Bank of England notes. [1,039.] Generally speaking, those banks only have acted improperly which have had little capital to lose. It is true that rich banks also have made a temporary stoppage, from having been erroneously managed. But the misfortune of banking in England has been, that there have been some banks which have failed, and paid very little; and this has imparted to the business a character that excites distrust.

[1,040] It would be a great advantage to country bankers to know accurately what the state of the circulation of the Bank of England is at all times; and generally they do know it pretty well. But they should be made acquainted with the amount of the country circulation also. There ought to be no difficulty in returning the amount to a certain office, the officer to be under an oath of secrecy if necessary. It is not requisite that the circulation of every individual house should be disclosed;* but every quarter, or every half year, the amount of Bank of England circulation—that of country bank circulation—the market price of gold and silver—and the exchanges at Paris and Hamburgh—should be published.

CHAPTER XX.

Opinions of Mr. Norman as to the propriety of making the notes of the bank a legal tender in the country—As to the limitation of issues to one bank in London—The publicity of the affairs of the bank—and the expediency of security being given for country bank issues.

I. LEGAL TENDER—LIMITATION OF ISSUES.

[Norman, 2,798] With reference to the question of legal tender, Mr. Norman is clearly of opinion that the issues of country bankers

* No country banks at present return the actual amount of their circulation, those excepted which compound for the stamp—1,042-3.

ought not to be payable in gold at all; they should be payable only in the notes of the Bank of England. As to the privilege which the bank possesses of being the only issuer of paper money in London, and within sixty-five miles of it, [2,582,] he considers it a privilege of the most important nature, the abolition of which would be highly prejudicial to the country at large. The introduction of competition in the issue of paper money, especially in the capital, where the value of the whole currency, compared with that of other countries, is finally adjusted by the importation or exportation of the precious metals, could not by possibility be any improvement on the present system, and would probably lead to great disasters. Under such an arrangement, the currency, compared with the present state of it, would be either greater, or less, or the same; if the last, nothing would be gained; if either of the former, the result would be pernicious. The real effect would probably be, that the currency at one time would be unduly extended, and at another unduly contracted; that violent oscillations would take place, with all their attendant evils of fluctuating prices, and that the difficulties of the bank would by such an arrangement be very greatly increased, and its functions most materially impeded. Within the last ten years, undoubtedly, under the present system great variations have taken place in prices and in money. [2,670.] The currency, it cannot be denied, has been in a very unsatisfactory state during that period. But if the competition in the issue of paper money had been unlimited during that interval, those oscillations would have been still greater, and have produced more injurious effects. [2,671.] They would have nearly destroyed the whole paper credit of the country.

[2,593] Any reduction of the district to which the privilege of the bank extends would be injurious. The relative amount of its circulation would be greater or less, in proportion to the extent of the district within which it alone can issue notes. The business of the institution can be managed more or less easily, securely, and advantageously, both for the interests of the corporation itself and of the public, in proportion as its circulation forms a larger or smaller part of the whole paper circulation. So far from that circulation being relatively too large at present, it is greatly to be wished that it should be extended. Almost all bankers issue their notes upon securities bearing interest; and when the rate of interest rises, there is always a tendency to a great increase of issues; that tendency always becomes active; the issues do in fact increase

as the rate of interest becomes higher. Now, there is certainly no very close connection between the amount of circulation which the country requires, and the rate of interest. So far as the country at large is concerned, that mode of issuing paper currency is a vicious principle of action. If there were more than one bank of issue in the capital, there would be a very strong disposition on the part of the rival establishments, acting in competition, to force their notes into circulation; and if at one time, from that cause, the currency were unduly expanded, it would probably be unduly contracted when the recoil took place, for the range of the recoil will almost always be proportioned to that of the excess.

The introduction of several issuing establishments into the metropolis would be directly detrimental to the interests of the bank, [2,594,] if they took away from it any portion of its circulation or other business; and if it were at all to continue on the same footing as it is at present, they would greatly increase its responsibility. [2,603.] If its proportionate issues were very materially diminished, while it should be saddled with more than a proportionate liability of providing coin for other issuers of paper, even to a greater extent than is imposed upon it at present through the country bankers, it would not probably be worth while for the bank to continue to carry on business in the way of issue. [2,604.] If there were many issuing firms in London, the uncertainty in which the bank would be kept as to the demands that might be made upon it for the conversion of its own paper, would be so great as materially to diminish any profits which it might have from the issue of notes; and in that case it would be better for the bank to confine itself entirely to the business of deposits. [2,630.] The charge upon its circulation amounts to about two per cent.; the profits upon it are not so great as are usually imagined; [2,610,] they are considerable, certainly, but not large in comparison to those which are derived from its other transactions.

[2,644] Generally speaking, monopolies are disadvantageous; in ninety-nine cases out of a hundred they do mischief. But if it be found that in the hundredth case monopoly does not do mischief, in that instance it ought to be maintained. The supply of paper currency to the country is one precise case in which monopoly is not injurious. [2,645.] If, indeed, the state should determine to issue 20,000,000*l.* of state paper, either payable in gold or secured by a deposit of bullion to an equal amount, then the banking trade of the metropolis might be thrown open to competi-

tion without inconvenience. There might perhaps be some advantage in having one large body, in times of commercial distress, of very undoubted solidity, whose credit should ride over that of even the best conducted and most wealthy private establishments; "but I am hardly able," adds Mr. Norman, "to estimate the precise extent of that advantage."

[2,674] Under any system of banks, more or less numerous, the financial credit of the country might be endangered by the application of discredit to all paper money whatever. [2,676.] The political discredit which existed for a while in May 1832, was attended with some anxiety on the part of the bank; but it must have continued a considerable period beyond the few days to which it was limited, in order to have placed the bank in danger. The sacrifices entailed on those desirous of converting their notes into gold, would have increased with the daily reduction in the bullion, while the impulse given to the import of treasure from abroad would have augmented. It is possible, that at a period of long continued political discredit the bank's coffers might be exhausted. [2,678.] No one bank—no number of banks—can stand a political discredit, if it be understood that they are to make any profit at all upon their issues. In order to be perfectly secure, nothing but bullion notes should be issued, like the receipts of the bank at Hamburg for the treasure deposited in its vault, which pass as money. Even such notes as these, though they might all be paid, would form no security against political discredit, [2,670.] which might destroy the advantage of a paper currency in the way of convenience, upon whatever basis that currency was founded.

[2,680] If so large an amount of bullion as that stated (20,000,000*l.*) were set apart as a provision for notes to that extent, the loss to the country might be estimated by calculating the additional amount (beyond the present proportion) of the bullion so retained. There would be so much new capital in the shape of bullion, which might otherwise be profitably employed. It would not be correct to estimate the annual loss on that capital, at the mere amount of interest which so much money would fetch in the market. The rate at which capital can be borrowed in the market is not the measure of the wealth, which it furnishes to the individual possessing it, or to the community, [2,681:] it is merely the price which people are willing to take for the use of it, with a greater or less degree of risk, and with no trouble. [2,680.] The borrower's profit should then be added to it, and the just basis of the calculation would be, the loss of

profit on so much capital actually employed in trade, which might probably be seven or eight per cent. [2,682.] It would, however, be a question worthy of consideration, whether the additional security given to paper credit, and the operations of the country generally, by the deposit of so much bullion, would not be an advantage that ought to be estimated far beyond any loss upon the interest, in whatever mode it should be calculated.

[Harman, 2,345] Upon this point, of having only one bank of issue, Mr. Harman agrees entirely with Mr. Norman. He thinks that the system is very well in that respect, as it now stands. The removal of the limitation of sixty-five miles from London, [2,343.] he would deem an experiment not likely to be advantageous either to the Bank of England or the public. [2,332.] He was never favourable even to the establishment of joint-stock banks, or branches of the Bank of England, in the country. [2,333.] The latter impose a great additional responsibility on the directors, who had quite enough of it before. [2,336.] The measure will require a great deal of time and experience, and risks may be run, before its advantages can be proved.

II. PUBLICITY OF THE AFFAIRS OF THE BANK.

[Norman, 2,694] Mr. Norman expresses a very strong opinion in favour of the publication of accounts, that is to say, a periodical [2,695] disclosure of all the most important items calculated to inform the public of the true situation of the Bank of England, the circulation, deposits, and bullion, as well as profit and loss. [2,696.] It is possible, he admits, that if such a publication had taken place at the close of the year 1825, it might, perhaps, have produced a dangerous effect, especially if publicity had only commenced at that time. Nevertheless, it would be difficult exactly to say what effect would have been produced on the public mind, from a knowledge of the low state of the treasure. Injurious consequences need not necessarily have followed. One great advantage would be likely to ensue from the publication of the bank accounts, in the gradual growth of a greater degree of information as to the working of the currency altogether. The bank is now frequently exposed to unjust imputations, in consequence of the ignorance existing in the public mind, as to its duties and mode of action. It would be highly desirable, and indeed necessary, that the amount of the circulation, [2,699.] not only of the Bank of England, but also of the country banks both in England and Scotland, should be fully

disclosed. A certain degree of inconvenience might be produced by publication with reference to the bank, if the state of the bullion were low; [2,701.] but the great mass of the community would soon perceive from such statements, that the solvency of the bank was indubitable; that it would never be their interest to produce a crisis in its affairs, and that a political discredit must always be disadvantageous to the country at large, and especially to the laborious classes. If such information were diffused through the community, an attempt to produce discredit would be an unpopular act. [2,718.] The bank cannot even now have a very small amount of treasure without the circumstance being generally known, although the exact amount may not be divulged; a question, therefore, may be raised, whether, in such a state of things, the treasure in the hands of the bank may not be under-estimated by the public rather than over-estimated. The treasure may be run low, without any fault on the part of the directors, as was the case in 1825. [2,719.] The extreme reduction then arose from causes over which the directors had no control. [2,720.] No agency of public opinion can prevent a recurrence of periods of danger, nor would publicity present a remedy for all possible evils in the banking system; but it would be greatly preferable to secrecy. It would expose the directors to criticism, [2,698:] it would have the effect of keeping up a general system of good management, and enforce a due degree of attention to the state of the bullion reserve. [2,700.]

No danger could arise from publication, as far as money speculators are concerned. [2,725.] It would not be in the power of any number of individuals to prevent the bank from obtaining a supply of gold from abroad, in case, through the publicity of its affairs, they should become acquainted with any occasional reduction in its bullion. The amount of gold circulating in Europe is so large, that it would be impossible to raise the agio upon it in the foreign markets beyond a certain point. [2,729.] Hitherto the treasure of the bank has sometimes unavoidably fallen below the mark at which the directors would wish to maintain it. [2,730 to 2,736.] It would be difficult, perhaps, to conduct an establishment like the bank without its being subject to fluctuations, now and then, of that description: "But I am not sure," says Mr. Norman, "that, under certain conceivable circumstances, it might not be accomplished." If the new system, however, were resolved upon, care should be taken to introduce it under circumstances unlikely to lead to any

danger. The publication should be, moreover, immediate, not retrospective. [2,742, 2,747.] The public, when fully informed of the state of the bank, will always uphold it in a line of action conducive to the general interest; and they cannot fail soon to discover, that under a moderately good management, the stability of the bank is assured, so long as the government itself is solvent. [2,750.]

It should further be observed, that at particular times a correct knowledge of the actual state of the bank, [2,772,] and of the rules upon which its operations are conducted, would be very advantageous to mercantile men. In many cases, if they had possessed that information, [2,773,] they could have regulated their speculations with greater certainty. They have been not unfrequently misled by erroneous statements with reference to the bank, [2,776,] which an authorized publication would have corrected, if it had been in existence. Under the present system of secrecy, moreover, it is an important consideration, [2,793,] that a bank director is often unable to take the advice of persons not belonging to his own body (on whose judgment he may otherwise place great reliance), from his inability to lay before those persons the facts of the case on which his opinion is to be formed.

The principle of publicity should also be extended to all issuers of paper whatever, [2,796,] whether private bankers or joint-stock banking companies; and if it were not so extended, much of the benefit derivable from it would be lost. With respect to private bankers, however, it ought not to go beyond a useful limit. There is a point at which scrutiny into the affairs of individuals carrying on banking business might be extremely inconvenient, [2,797,] and where the particular inconvenience to themselves, and to those connected with them, might overbear the advantage of the publication of their transactions. [2,801.] It is eminently desirable that the amount of their issues should be known, and that periodically, though not perhaps so often as once a week.

III. SECURITY FOR COUNTRY BANK ISSUES.

[Harman, 2,342] Mr. Harman is of opinion, that the country private bankers, although they have fallen occasionally into errors of management, have in the main transacted their business with benefit to the public, and reputation to themselves: and that the country business should be left to them to the exclusion of joint-stock companies and branches of the bank, but under such new regulations

as might be deemed expedient. Among these regulations, security for their issues would be, according to Mr. Norman, absolutely indispensable. [Norman, 2,612.] That security should be placed in the hands of the state, in some way or other, so as that the holders of paper issued by the persons who give it never could, under any circumstances, suffer from their insolvency. [2,613.] The rule should be general, and no amount of capital paid up should be considered sufficient to exempt any particular body from the obligation. [2,616.] The details of a plan for effecting this object would undoubtedly present considerable, though not, perhaps, altogether insuperable difficulties. [2,614.] For instance, the necessity of providing such security would prevent the country banks from using an equivalent part of their capital, the result of their issues, for those purposes of circulation and facilitation of business in their neighbourhood upon which their utility necessarily depends. Their profits would be thereby *pro tanto* reduced. [2,618.] Again, if all banks were compelled to hold public securities, exchequer bills, for example, by way of guarantee for their circulation, then in a case of a general discredit of their paper, there would probably be a general sale of exchequer bills on the part of every bank throughout the country; the consequence of which would be a diminution, instead of an increase, of the real security to the public. This, indeed, is an extreme case, the occurrence of which is not probable; for if security were universally given, it is not likely that a panic would arise involving a discredit of country bank paper. [2,623.]

The legislature should deal with these difficulties; it should, however, interfere only with reference to the circulation of banks. No plan can be devised by which the public can be secured against all loss whatever in their general transactions with such establishments. There is a strong distinction between the circulation of a bank and its other liabilities; the latter are strictly voluntary on the part of the public; but private persons have frequently no option as to the former. [2,587.] If security be given for issue, of course the customers of the banks that give it will estimate their solidity in all other respects as they may think fit, and the public at large have nothing more to do with the matter. [2,634.] If the country bankers should refuse to issue notes under the condition of lodging securities, or decline to act with Bank of England paper, no doubt parties would be found who would supply the local currency on satisfactory terms. [2,641.]

(Continued at page 181.)

NEW ORLEANS BANKS.

The following proceedings of the meeting of the directors of the Citizens' Bank of New Orleans, were presented by Mr. Nicholas, of the Senate of the United States, on the 9th of July, and ordered to be printed.

CITIZENS' BANK OF LOUISIANA,
New Orleans, June 28, 1838.

I am instructed to communicate to you the accompanying extracts from the minutes of the proceedings of the directors of this institution, and of the board of presidents of the banks of this city, in reference to the resumption of specie payments by said banks.

I am, with great respect,
Your obedient servant,
J. B. PERRAULT, Cashier.

Extract from the minutes of the meeting of the Board of Directors of the Citizens' Bank of Louisiana, of 21st June, 1838.

"A copy of certain resolutions adopted by the presidents of the banks of this city, at a special meeting held on the 16th inst., recommending the resumption of specie payments on the first Monday in January next, provided the Bank of the United States of Pennsylvania should consent to furnish a general currency, was communicated by the president; whereupon, it was unanimously

Resolved, 1. That these resolutions be rejected, and that application be made for a copy of the minutes of said meeting of the 16th instant.

2. That a committee, composed of Messrs. P. J. Trion and V. Patin, be appointed to report the reasons for rejecting said resolutions."

Extract from the minutes of the meeting of the Board of Presidents of the Banks of the city of New Orleans, on the 16th June, 1838.

NEW ORLEANS, JUNE 16, 1838.

On the requisition of Messrs. Forstall, Lavergne, Minturn, Peters, and Milligan, an extra meeting of the board took place this day. Present Messrs. Milligan, Lavergne, Burthe, Breedlove, Barthet, Vignie, Magoffin, Peters, Hodge, Minturn, Yorke, Hewes, Hopkins, Forstall, Story, and Justamond.

The secretary laid before the board the requisition calling upon him to convene the meeting, which was read as follows:—

"The time having, in our opinion, arrived when it becomes the duty of the banking institutions of this city to prepare for an early resumption of payments in specie, be pleased to call an extra meeting of the presidents of said institutions for Saturday next, the 16th instant, at 12 o'clock, for the purpose of taking this important matter into their earnest consideration."

[Signed] E. J. FORSTALL.

After which Mr. Forstall offered, for the adoption of the board, the following resolutions:—

Resolved, 1. That a committee to be composed of—members, be named, for the purpose of reporting at the next ordinary meeting of this board,

1. The banking condition of each bank, and its relative position with the other institutions of this city.

2. Its active means—its passive means.

3. Such rules as may be necessary to effect a complete settlement between the banks, previous to a resumption of specie payments.

4. Such rules as may be necessary to ensure uniformity in the operations of the banks after the resumption, and a weekly exchange of paper, and settlement of accounts between them.

Resolved, 2. That at the next ordinary meeting of

this board, the day for the resumption of specie payments by the banks of this city shall be fixed, which day shall not be beyond the 1st of January proximo.

On motion, it was resolved that these resolutions be laid upon the table, subject to the call of the board.

Whereupon, Mr. Hewes offered the following resolution:—

Be it resolved, That all discussions upon the subject of a resumption of specie payments be for the present postponed.

And the yeas and nays being taken, it was found that Messrs. Hewes and Breedlove had voted in the affirmative, and that Messrs. Story, Lavergne, Burthe, Barthet, Vignie, Justamond, Peters, Magoffin, Hodge, Minturn, Yorke, Hopkins, Forstall, and Milligan, had voted in the negative. The resolution was accordingly lost.

Mr. Peters then offered the following preamble and resolutions:—

Whereas, in the opinion of the board of presidents of the banks of New Orleans, the recent change in the policy of the government, in relation to the currency of the country, and the probable resumption at an early period by the banks of the principal cities of the north, in consequence thereof, the resumption of specie payments by the banks of Louisiana will be rendered practicable. And whereas, it is also their opinion that in resuming their payments in specie, the banks should be guided by the condition of the country generally, and by that of the southwestern section of the United States in particular; and that, in their endeavors to attain an object so desirable, they should carefully avoid causing unnecessary embarrassment by precipitate action, keeping steadily in view that the interests of the community, as well as the safety of the banks, require that such resumption of specie payment should be permanent.

1. *Be it resolved*, That in the opinion of the board of presidents of the banks of New Orleans, the first Monday in January next should be fixed on as the time of resumption of said banks, provided that the United States Bank of Pennsylvania, through its agency in this city, will furnish a general currency, until the establishment of a national bank, or until some other remedial measures be adopted or sustained by the government in relation to the currency, as will ensure the country and the banks against the deplorable consequences of a second suspension of specie payments by the government and the banks.

2. *Be it further resolved*, That a committee of three be appointed to correspond with the president of the United States Bank of Pennsylvania on this subject; said committee to report to the board the result as soon as practicable.

3. *Be it further resolved*, That these resolutions be submitted to the directors of all the banks of this city for their consideration and concurrence.

Which Mr. Breedlove proposed to amend by striking out all that part of the first resolution which follows the word "provided;" and, upon the yeas and nays being taken, Messrs. Story, Breedlove, Hewes, and Forstall, voted in the affirmative; and Messrs. Lavergne, Burthe, Barthet, Vignie, Justamond, Peters, Hodge, Minturn, Yorke, Hopkins, Magoffin, and Milligan, in the negative. The amendment was accordingly lost.

Mr. Forstall then proposed to amend the said first resolution by striking out the words "provided that the United States Bank of Pennsylvania be invited to;" and upon the yeas and nays being taken upon this amendment, Messrs. Story and Forstall voted in the affirmative, and Messrs. Lavergne, Burthe, Breedlove, Barthet, Vignie, Justamond, Peters, Hodge, Minturn, Yorke,

Hewes, Hopkins, and Magoffin, in the negative. The amendment was therefore lost.

The question being then put whether the original preamble and resolutions do now pass, and the yeas and nays taken, it was found that Messrs. Story, Lavergne, Burthe, Barthet, Vignie, Justamond, Peters, Hodge, Minturn, Yorke, Hopkins, Magoffin, and Milligan, voted in the affirmative, and that Messrs. Breedlove, Hewes, and Forstall, voted in the negative. The preamble and resolutions were accordingly adopted. Upon which, Mr. Forstall desired to have it recorded that he voted in the negative, "because he is of opinion that the banks of this city ought to resume specie payments on the first of January next, unconditionally."

Messrs. Peters, Lavergne, and Story, were appointed as a committee to correspond with the president of the United States Bank of Pennsylvania; and, on motion, it was ordered that the preamble and resolutions adopted by the board be published in the city gazettes. After which, the meeting adjourned.

A true copy of the proceedings.

CHAS. BRIGGS, Secretary.

Extract from the minutes of the meeting of the Board of Directors of the Citizens' Bank, on the 27th of June, 1838.

The committee, to whom were referred the proceedings of the board of presidents in their extra meeting of the 16th instant, beg to report that they fully approve the course taken by the president of this bank at the said extra meeting, and they deem it their duty to offer the following resolutions, that the opinions of this board respecting our present banking condition may be well understood.

1. That in the opinion of this board, the extraordinary derangement of our domestic exchanges is the natural consequence of the suspension of specie payments. That to attribute it to the contrary proposition would be taking the effect for the cause. That were the trade suddenly deprived of its standard of weights and measures, the same derangement would exist in the exchange of its commodities. That the removal of the cause is the only remedy to an evil so demoralizing in its effects.

2. That the resumption of specie payment throughout the states would at once afford the legitimate and only regulator of domestic exchange, which would be then in proportion to the cost of transmission of the precious metals from place to place. That another great benefit to be derived from the resumption, would be the returning into circulation of upwards of seventy-five millions of specie, rendered a dead weight by the suspension.

3. That from data furnished by the banks of this city, it appears that their outdoor circulation amounts to \$5,000,000. That they hold \$300,000 of specie, upwards of \$2,000,000 of New York and European funds, \$7,000,000 of Louisiana five per cent., and \$51,700,000 of bills receivable, and that nothing but a want of concert of action can prevent an early resumption of specie payment by the banks.

4. That to attain so desirable and creditable an end, this bank is disposed to place the whole of its surplus active means at the disposal of such of the other city banks as may require them.

5. That this city, being the only outlet to more than one half of the whole of the foreign exports of the United States, and possessing thereby more elements of banking and exchange than any other in the Union, it behooves her to set the example, and not to be a looker on until coerced into a measure so essentially vital to her best interests.

6. That the drain, so apprehended by many, for the western country, may be easily met by timely arrangements with the western banks for a deposit of their paper to be covered, as issued, by eastern funds. That for this purpose, a correspondence should be entered into with said banks, and every means be taken to avoid the unnecessary transportation of the precious metals, which when boxed up and in transit diminish, pro tanto the circulation.

7. That, in the opinion of this bank, the most suitable time for a re-umption is the dead season, say August or September, that the public may gradually be accustomed to said resumption, previous to the receipt of the next crop.

8. That, in order to ensure uniformity of action between the banks, the resolutions offered by the president of this bank, at the extra meeting of the board of presidents on the 16th instant, are earnestly recommended.

In conclusion, your committee beg leave to remark that, in their opinion, the first duty of a bank of circulation is to protect its emission: to do this effectually, its circulation must be at all times within its control. This control it can hardly retain, if, instead of discounting, it courts the exchange of our paper payable here, for paper payable out of the state, the mode of reimbursement of which is left at the option of the moneyed institutions issuing it. As to balances created in favour of other states, arising from the sale of produce, these can easily be met, for the produce which accumulates here from the interior states, and which amounts to upwards of \$60,000,000 per annum, is not bought with the funds of our banks, but with such funds as are brought here chiefly from Europe or the east in merchandise, credit, or specie. It may be well here to remark, that, of the above amount, at least \$25,000,000, including the profits arising from its transit trade, belong to this state. If, instead of calling the currency of the eastern states to our city, the notes of the interior and western banks were used, as recommended in the sixth resolution, to meet the wants of traders, and these notes covered, as issued, by eastern funds, which can at all times be created by means of foreign bills, exchange would soon be operated in the valley of the Mississippi, without having recourse to the transportation of specie, farther than the amount required as a basis. There would be as much truth in asserting that wealth is poverty, as there is in attributing the difficulty of the resumption of specie payments in this place, to the annual receipt here of \$60,000,000 of the products of the soil. The currency in Europe being gold and silver, and our cotton and tobacco being chiefly consumed in Europe, cotton and tobacco can always be made to represent specie: with such a lever in our hands, nothing but ignorance or mismanagement can prevent New Orleans from taking the lead in exchange.

A true copy.

J. B. PERRAULT, Cashier.

THE BANK OF THE UNITED STATES AT NEW YORK.

From the New York Express, August 7.

MONEY MARKET.—A portion, and a very large portion, of the mercantile community, too, will learn with regret that there are some embarrassments in the way of the establishment of a branch of the United States Bank in this city. We have it from what we deem good authority, that threats have been thrown out from persons high in authority, that if a branch is established here, measures will be immediately taken to put an injunction on the bank. This threat has had the effect for the present, as we are informed, to cause a suspen-

sion of the intended location of a bank. Whatever unkind feeling there may be lingering in the bosom of political adversaries towards that institution, there is none among men of business. All, all, are in favour of permitting any man whatever on this side, or the other side of the water to bring his capital here and employ it in banking or any other lawful pursuit. If there is no method by which the bank can bring its capital here in open day, we trust it will be brought here and employed through indirect channels.

August 8.

MONEY MARKET.—The announcement we made yesterday, that threats has been made from persons high in authority in this state, that if the Bank of the United States should place a branch in this city under the new law, measures would be adopted to obtain an injunction, has caused a great deal of excitement among both merchants and capitalists. The best of feelings are entertained by the merchants toward that institution; they were greatly benefited by the old branch, and they are deeply interested in having a new one. Both friends and opponents of the government who have large sums to negotiate feel and appreciate the advantages of such an institution. The paltry hostility of partisans does not influence their conduct. Although none of our information, or what we have stated, or may state on this subject, has come from either president, cashier, or agent of the bank—yet we know what we stated to be correct, and we know, further, that if it had not been for this threat, every arrangement was made for a speedy if not an immediate establishment of the branch here, and that its effects, and as we believe its good effects, would have been felt here this week—but for the present, however, there will be a pause at least.

We have no other means than others have of ascertaining what the legal difficulties are, which are stated to prevent Mr. Biddle from using his funds in Wall street. It is most extraordinary, it seems to us, that where the law was expressly made to throw wide open the door for permitting foreign and domestic capital to concentrate, so as to allow any man, whatever be his kin or country, to open his bank, provided he conformed to the provisions of the law, that such a law, apparently so liberal and just to every body, should be so construed as to oust one man only, and that man the president of the United States Bank! Whatever may be the construction of the law, however, on this point, public sentiment is in favour of allowing any man to use his capital here who pleases to use it. Nor is this feeling and sentiment confined to business men, for all, or nearly all the local banks are also in favour of the measure. It is conceded that our local banks cannot equalise or regulate domestic exchanges, and it is also conceded that none but an United States bank, or a bank with a great capital having its branches in different parts of the United States, can regulate the exchanges of the country.

August 9.

SUSPICION MADE FACT.—We find in the Evening Post the following explanations of the reasons why the president of the Pennsylvania United States Bank has suspended the establishment of a branch in this city.

"Mr. Flagg has nothing to do in the matter but to execute the law. If an association of individuals present themselves, conforming to the provisions of the statute in regard to the security for the payment of their notes, he has no alternative; he must give them the notes to issue, to the legal amount. He can lay no obstacle in their way. It is no part of his duty to take out injunctions, and institute other legal proceedings,

to discover whether the new association be really a branch of a foreign bank or not. The association, it is true, must take upon itself the risk of any direct or indirect violation of the law against establishing branches of foreign corporations in the state. If it should appear that the association is such a branch, we suppose it could not enforce the collection of debts owing to it. That, however, is not a matter for the consideration of the comptroller."

The comptroller of the state, it seems, is the man then, who threw out the threat! The bull from his postulate, it is, nullifies the free banking law a whig house of assembly have passed! The regency, foiled in their monopolies are now to play a new trick! We understand very well what is meant by Mr. Flogg, when it is said for him, "that it is no part of his duty to take out injunctions,"—for we are to have here, it seems, some process of law, such as that which a judge in Alabama, in construing the constitution as he understood it, has converted into the means of enabling a dishonest debtor to defraud the Pennsylvania Bank of an honest debt. Well does Mr. Biddle stop, when the comptroller of the state offers to take up for fraudulent debtors, and plead their case.

It is rumoured that Mr. Biddle has snaped, for the present, his purpose of establishing a bank in Wall street, under the general banking law, in consequence of intimation that the proceeding would be arrested by an injunction.—*Journal of Commerce*, Aug. 9.

There is a mixture of truth and error in this paragraph. The design has not been abandoned, although the plan of procedure has been changed. Originally, immediately after the free banking law was passed, it was supposed that the authors of the law meant what they said, and that any person, or association of persons, corporate or otherwise, would be at liberty to employ their capital for the benefit of trade and commerce, in the form of banking. Hence the application of the Pearl street merchants to the Pennsylvania Bank of the United States for a branch, and hence the resolution of the bank to comply with the request. But not true to the determination of "the party" to injure the commercial interests of the country to the utmost extent of their power, the Albany regency prepared to harass the proposed branch association with an injunction. The consequence has been an abandonment of the design to establish a branch of the Philadelphia bank in this city. But the object will not be defeated. Mr. Biddle has assured the merchants of New York that they should have the advantages of a large private bank. The pledge will be redeemed, and that soon. The Albany regency will find that "Old Nick" will not allow his friends to be nicked by them.—*Commercial Advertiser*, Aug. 9.

From the Daily Whig of August 11.

"Mr. George Griswold, of New York, and Mr. Richard Alsop, of Philadelphia, have associated themselves, we hear, under the act of April 18th, 1838, for banking purposes. They have deposited stocks with Comptroller Flogg to the amount of two hundred thousand dollars. The capital of this association is limited to fifteen millions. Mr. Robinson, it is stated, is to be the president of this concern. We take pleasure in stating that this information is derived from the most authentic source."

The information is not quite correct, however authentic may be the source from which it was derived. Neither Mr. Robinson nor any other person, or body corporate, has any interest or agency, directly or indirectly, in the association formed by Messrs. Griswold and Alsop, who are the sole owners of the capital.

They will transact banking business under the name of "The Bank of the United States in New York." The amount of the capital is not fifteen millions, but two hundred thousand dollars.

We make this correction upon information derived from "the most authentic source."—*Com. Adv.* Aug. 11.

MR. BIDDLE'S BRANCH.—George Griswold, Esq. of this city, and Richard Alsop, Esq. of Philadelphia, have deposited in the proper office the requisite certificate for a bank of one hundred thousand dollars capital; not two hundred thousand as reported in some of the papers. The bank is to be called "The Bank of the United States in New York." This is understood to be only a legal method of introducing the proposed branch of the Pennsylvania Bank of the United States. The amount of capital mentioned in the certificate, is of course, only suited to accomplish this purpose, and is no indication of the real strength of the institution.—*Journal of Commerce*, Aug. 13.

We find ourselves in error in regard to Mr. Biddle having any interest in the bank about to be established by Messrs. Griswold and Alsop, and also as to the amount of capital, which is \$200,000.—*Journal of Commerce* Aug. 14.

New York Express of August 14.

The facts, to be more explicit, are, that Richard Alsop of Philadelphia, and George Griswold, of this city, have deposited \$200,000 in stock, and taken a certificate from the county clerk, authorizing them to bank under the general banking law, taking the name of the United States Bank at New York,—but though the name of the United States Bank is taken, it is stated to us by one of the gentlemen, that it is a concern of their own, and that no other persons are interested. The name was considered preferable to any other, and therefore was taken. These gentlemen are well known for their wealth, industry, and experience in business; and we have no doubt will conduct their new concern with skill and advantage to the public, as well as themselves. Thus it appears while companies are forming, two gentlemen have stepped forward and at once commenced operations.

LARGE SALE.—The estate of the New York Insurance Company, No. 34 Wall street, has been sold to George Griswold, Esq., for the sum of \$180,000. To refresh the recollection of distant readers, it is proper to say that the estate adjoins the Bank of New York, which is on the northeast corner of Wall and William streets. It is forty-eight feet on Wall street, and one hundred and seventeen feet deep, and fronts of course on the new Merchants' Exchange: the buildings are of no value. It is the largest lot fronting on the Exchange, which is to be found in a single ownership, and probably as desirable an estate as is to be found in the city, and we might just as well say—in the world. It was purchased by the company who have just sold it, about the year 1800 for \$17,000, including, however, twenty feet more of depth, which was sold some years ago to lengthen the lots on Pine street, for \$20,000, making the total amount of sales \$200,000. It was not without great hesitancy on the part of the prudent directors of that day, nor until one of them, more daring than the rest, declared that he would buy it if the company did not, that they ventured the \$17,000. That was before the destiny of Wall street was understood. The purchase is understood, and we believe avowed, to be in connection with Mr. Alsop of Philadelphia, and for the "Bank of the United States in New York."

The capital of this institution, it will be recollected, is \$200,000, which, with the new building to be erected on the lot, will be pretty well used up. All the circumstances have confirmed the opinion which we expressed some days ago, but took back again for want of a positiveness of evidence, that the Bank of the United States is the chief party in this movement, and that it is intended to be in fact, what its name describes, "The Bank of the United States (of Penn.) in New York." The purchase, at any rate, now made, is considered a good one, and is made by gentlemen who know very well what they are about.—*Jour. of Com., Aug. 22.*

From Mr. Woodbury's Report on Exchanges of May 28.

MEMORANDA.

The American dollar contains 371½ grains of pure silver, or 416 grains of standard silver.

The Spanish dollars are not all of the same weight. Those in circulation in 1829 were said by the director of the mint to be worth, on an average, 100 cents 3 mills.

The Mexican dollars are said to be equal to the Spanish.

The Carolus dollars are the Spanish dollars coined prior to the year 1809, in the reigns of Charles III. and IV. They are said to be not superior in weight and fineness to the Mexican.

The American eagle of the old coinage, previous to the 31st of July, 1834, contained 247½ grains of pure gold.

The American eagle of the new coinage contains 232 grains of pure gold.

The British sovereign, when coined, contains 113 grains and 18-1214 parts of a grain of pure gold, worth, according to our present mint valuation, \$4.87 7-120.

The Spanish doubloon should, according to the regulations which have nominally prevailed since the year 1772, contain 376 grains of pure gold, which would, at our mint valuation, be worth 16 dollars 20 cents. But, according to assays made at the London and Philadelphia mints previous to the year 1829, Spanish doubloons contained only from 360 to 362 4-10 grains of pure gold. This would make their average value, at our mint valuation, about \$15.56½.

The Patriot doubloons are said to be equal in weight and fineness to the Spanish.

The difference in the price of Spanish and Patriot doubloons, and of the different species of dollars, at New York and Philadelphia, is chiefly owing to difference of demand for them in foreign markets.

In the price currents, \$4.44 4-9 are assumed as the par of exchange on England. This practice began when the Spanish pillar dollars were in circulation, and when the market value of gold, compared with silver, was less than it is at present. The true par varied as the market value of gold varied, when compared with silver. It was estimated by Mr. Gallatin, writing in 1829, at 7 per cent. above the nominal par; by others, at 8 per cent.

Since the passage of the act of 1834, for reforming the American gold coinage, the true par exchange with England, estimating gold against gold, is about 9 7-10 above the nominal par.

The quotations of exchange on France are so many francs and centimes payable in France for a dollar paid here. According to the regulations of the French mint, the silver franc should contain 69.452 troy grains of pure silver, equivalent to 18.708-1000 cents in silver currency of the United States. The quantity of pure silver in an American dollar is equal to that in 5 francs

34 534-1000 centimes. But as foreign coins are not a legal tender in France, and as a seignorage of about 1½ per cent. is charged on silver coinage at the French mint, American dollars, when sold as bullion in France, are said to bring, on an average, not more than 5 francs 26.25-1000 centimes. This is, by some writers, assumed as the par of exchange on France. Other writers assume 5 francs 34 centimes as about par.

The quotations of exchange on Holland, are so many cents a guilder; on Hamburg, so many cents a mark banco; and on Bremen, so many cents a rix dollar.

The exact value of the guilder of Holland is 39 97-100 cents of United States silver currency; but 40 cents are usually assumed as the par of exchange.

The mark banco of Hamburg is a money of account, equal to 35.144-1000 cents United States currency.

The rix dollar of Bremen is a money of account, equal to 80 cents and a very small fraction United States currency.

From the Globe.

We have seen a letter from the president of the Commercial Bank of New Orleans, explanatory of its refusal to pay certain notes issued by it, and payable on their face at New York. It seems these notes were issued before the suspension, and were considered as coming within that law. Our view of the matter was derived from the Journal of Commerce, which, if we remember rightly, represented the bank as having means in New York to meet them, and, while refusing to pay the notes, making a premium by drawing on the fund. It seems, however, that the Commercial Bank did no more than other banks on the suspension. After some time, it stopped paying, as well those notes redeemable on their face at New York, as elsewhere, and turned its capital, thus relieved from the redemption of its issues, into the profitable business of exchange. This was the course of most of the banks, great and small. In this we think they all sinned; but the Commercial Bank ought not to have been made the scapegoat. We give the bank's explanation.

"In 1834, we issued for the convenience of travelers, notes of the denomination of 5, 10, 20, and \$50, (none larger,) payable on their face either at the banking-house in the city, or at the Bank of America in the city of New York. These notes proved to be very acceptable and serviceable to the public. Notwithstanding the suspension of specie payments, and the high rate of exchange, we have continued to pay these notes in New York, at great loss to our bank. After the resumption in New York, it became questionable whether we could, without injustice to the holders of our notes here not payable in New York, continue to redeem in specie, or its equivalent, those which were payable in New York. We, therefore, (without much reflection on the subject,) directed that in future these notes should not be redeemed at the counter of the Bank of America. We were still further induced to this step by the fact, that few were actually in circulation; that they were in the hands of brokers, who picked them up here and there, and sold them at a premium, just as they have our notes of the denominations of 5 and \$10, which we have never ceased to pay in specie from the first, and still continue to pay. So that a measure adopted for the convenience of the community, to furnish specie in small sums for all classes, has been defeated by the cupidty of brokers who bought them up. Just so has it been with the notes payable in New York: and without thinking much of the matter, or dreaming of the clamour that would be raised by these people, we directed that they

should not be paid. Some were presented, refused, protested, and then paid by the Bank of America. Mr. Newbold then, with his usual discretion in such matters, gave directions that they should be paid until further orders from us, and we have approved of the decision; and so the matter has ended."

NEW YORK GENERAL SESSIONS.

August 8.

Charles Stearnes was tried for forging the name of the cashier of the Bank of Kentucky, to an order on the Union Bank of this city, for the plate of the bank bills of Kentucky.

From the evidence adduced on the trial, it appeared that early in January last, the prisoner ascertained that the plates of the Bank of Kentucky were kept in the Union Bank of this city, and were occasionally delivered to the firm of Burton, Gurley & Co. to print bills for the bank. Having possessed himself of this information, the prisoner caused a letter to be put in the post office of this city, purporting to have been written by the cashier of the Bank of Kentucky, and directed to Gurley & Co., instructing them to get the Kentucky Bank plates from the Union Bank and print off a large number of bills of different denominations. This letter contained an order on the Union Bank to deliver the plates to Gurley & Co., and it also informed Gurley & Co. that a person would call on them for the bills as soon as they were printed. In accordance with this letter Gurley & Co. obtained the plates from the Union Bank, and printed off bills to a large amount. When the bills were ready to be sent to the bank, the prisoner employed a man named Pitcher to call on Gurley & Co. and represent himself as the person who was to call for the bills and bring them to the Bank of Kentucky. Pitcher accordingly called for the bills and paid for the printing of them; but Gurley & Co. still declined delivering the bills to him until they could make farther enquiry into the matter. And on doing so one circumstance or other came to light, which showed that the letter Gurley & Co. received was a forgery. The matter was then put into the hands of the police, who soon ferreted out the prisoner as the author of the forgery. The matter was so fully brought home to him as not to leave the slightest doubt of his guilt, and the jury returned a verdict of guilty.—*Jour. of Commerce.*

THE SMALL BILL QUESTION.—It will be recollected that the whig members of the legislature were only able to extort a suspension of the small bill law from the regency. The loco focos at Washington adopted the same policy. The bills of all banks issuing notes of a less denomination than \$5, are to be refused in payment of debts to the government after the 1st of October next. It remains for the people to say whether this wretched fragment of humbug is to be tolerated. The editor of the Bath Constitutionalist takes early and proper ground upon this question.

The small bill question we conceive to be one of the most important which the people are called upon to decide at the ballot boxes. The administration have graciously consented that the people may have bills of a less denomination than five dollars until the first of October next; but all banks which issue or pay out any after that time are to have their notes, great and small, dishonoured at the custom-houses and land offices. Are the people desirous after that time of having all small notes called in, and of suffering again the inconvenience which was felt for two years previous to their being re-issued by the banks last spring? If they

are, they will support the administration and its candidates at the November election. On the contrary, if they desire a continuance of small bills, they will support men who agree with them on this subject.—*Albany Evening Journal.*

Mobile, June 26.

COMMERCIAL BANK OF FLORIDA.—By a gentleman just arrived here from St. Joseph's, we learn the following particulars in relation to this institution, and we give them just as they have been communicated to us. It appears that Stevenson, the purchaser of said bank, attempted to abscond with his assets, in the steamer Ion, from Columbus to Texas, via New Orleans, and with that view sent the clerk in advance to St. Joseph's to obtain the necessary clearance papers, and to rejoin the boat at the Point at the entrance of the bay.

Immediately after the arrival of the clerk at St. Joseph's the United States steam packet Florence, bound from Tampa Bay to Mobile, put in there, and the clerk supposing her to be the Ion and fearing if she reached the wharf it would frustrate their designs, decided to go and meet her down the bay, and offered a large amount to put him on board. This excited a suspicion, and he was arrested and coerced to make known the intentions of his visit.

Upon these being known, E. J. Wood, with several other citizens, made application to Captain Johnson of the United States steamer to put out and meet the Ion, to which he readily assented. They had not proceeded far before they espied the smoke of the Ion, and in a short time they were side by side.

The citizens of St. Joseph were put on board the Ion, where they found Stevenson and his family. He had \$9000 in specie, besides a large amount in Commercial Bank paper. He had a hearing before the authorities of St. Joseph's, and was committed.—*Com. Register.*

Correspondence of the United States Gazette.

The Albany Argus contains a table showing the amount of tolls collected up to the first of August, as compared with that of the same period last year, which shows the following results. Collected for the year 1838 to the 1st August, \$677,351 95, and for the same period in 1837, \$528,768—\$150,583 95 increase.

The merchandise cleared from tide water, from the opening of navigation to the close of July, for three years, is as follows, viz:

	1836.	1837.	1838.
Merchandise,	46,679 tons.	37,548 tons.	44,383 tons.

The merchandise cleared this year is less by 2296 tons than in 1836, and greater by 6825 tons than in 1837. The average for the three years is 42,873 tons. Excess this year beyond the average for three years, 1510 tons.

The increase of wheat and flour cleared at Buffalo, comparing this year with last, is equal to 163 per cent. in favour of 1838.

The sum paid into the treasury on account of auction duties for the quarter ending June 30, for each of the three last years, has been as follows, viz:

In 1836,	\$58,948 77
1837,	22,155 17
1838,	46,546 77

The duties paid this year are less by \$12,402 than in 1836, and greater by \$24,391 60 than in 1837, or an increase of 110 per cent.

While the merchandise going up the canals has increased 18 per cent., the duties paid on merchandise sold at auction are greater by 110 per cent. than in

1837, and only 26 per cent. less than in 1836. And while the merchandise sold at auction this year is 26 per cent. less than in 1836, the merchandise going from tide water on the canals is only 5 per cent. less than in 1836.

CONGRESSIONAL ELECTIONS.

Several tables have been published, professing to show the dates of the elections for members of congress in the different states. Although we cannot warrant the perfect correctness of our own, yet we are sure it comes nearer to that point than any which has preceded it. We have arranged the states in the order in which the elections will occur.—*Jour. of Com.*

States.	Time of Election.
Louisiana,	Held 1st Monday in July.
Illinois,	To be held 1st Monday in August.
Missouri,	do. do.
Vermont,	1st Tuesday in Sept.
Maine,	2d Monday in do.
Georgia,	1st Monday in October.
South Carolina,	2d do. do.
New Jersey,	2d Tuesday in October.
Pennsylvania,	do. do.
Ohio,	do. do.
New York,	1st Monday in Nov.
Massachusetts,	2d Monday in do.
Delaware,	2d Tuesday in do.
New Hampshire,	2d Tuesday in March, 1839.
Connecticut,	1st Monday in April, 1839.
Virginia,	3d Thursday in do.
Alabama,	1st Monday in August, 1839.
Indiana,	do. do.
Kentucky,	do. do.
North Carolina,	do. do.
Tennessee,	1st Thursday in August, 1839.
Rhode Island,	Last Monday in August, 1839.
Maryland,	1st Monday in October, 1839.
Arkansas,	do. do.
Michigan,	do. do.
Mississippi,	1st Monday in November.

DOMESTIC INTELLIGENCE.

GOLD COINAGE.—The Globe of Saturday, 18th Aug. states that directions have been given by the Treasury department to the director of the mint at Philadelphia, to have the dies prepared for the \$10 gold piece, or eagle, and the stamping of it commenced with all convenient despatch. It is now thirty-four years since any of this coin was struck at our mint. The coinage of the eagle ceased in 1804, because the erroneous standard of our gold caused it to be exported almost as fast as struck.

REAL ESTATE BANK.—We are gratified to learn that the stock subscribed for at Batesville, to the Branch in the west, amounts to about \$300,000. There is no doubt, from what we can learn, that there will be five times as much stock subscribed for, as is authorized, which is \$500,000.—*Arkansas Gazette.*

A suit has been instituted by the Southern Life Insurance and Trust Company against the editor of the Augustine (Florida) Herald, for reporting a sale of two thousand dollars of their bills at sixty-one to forty-three cents per dollar. The company have laid their damages at ten thousand dollars.

The Tennessee Review states, that Littlebury Hawkins, Receiver of Public Money at Helena, Arkansas, has absconded, proving a defaulter to the amount of one hundred and fifteen thousand four hundred and

sixty-two dollars. He had only given security to the government to the amount of twenty thousand dollars.

WILD CAT MONEY.—The Bank of Michigan gives notice, under date of July 18th, that from that date, it should discontinue to receive on deposits the notes of the banks under the safety fund of that State, as chartered money.

We learn, that on Tuesday last, all the members of the Board of the Phenix Bank were re-elected by a large majority, and unusually large vote. Thus re-instating Mr. Delafield and Mr. Cary, who resigned in April last.

We since learn that Mr. Delafield has declined a seat at the Board of the Phenix Bank, and it is said will open a private bank.—*Star, July 1st.*

BANK OF WESTERN NEW YORK AT ROCHESTER.—We are happy to learn that some of the enterprising citizens of Rochester have formed an association under the general bank law, and are about to commence business with a capital of \$180,000, to be increased hereafter to \$1,000,000. The association has already deposited with the comptroller the amount of state stock required by the law as a security to bill holders. *Albany Evening Journal.*

The Bank of Washington issued the following notice under the date of 5th July.

With the view of rendering the notes of this institution (which has, since the first of September last, been redeeming all its issues in gold and silver) equivalent to specie throughout the Union, it has, in anticipation of the general resumption of specie payments, effected such an arrangement with the Bank of America, in the city of New York, that all notes of this bank, which may be put in circulation, will, as expressed on their face, be with certainty paid in specie, on demand, either at that bank or this, at the option of the holder.

BRIDGEPORT BANK.—The stockholders, at their recent meeting, voted to accept the amendment of the charter of this institution, reducing the old shares of \$100, of which sixty five have been paid in, to \$50; and adding 200 new shares, to be subscribed for, under the direction of the board of commissioners. By the provisions of the late act, the commissioners are required, previous to the first of August next, to open the books for subscription to the new stock. Capitalists will, therefore, have an opportunity, soon, to invest their surplus funds in bank stock, which, in this country, heretofore, has been so eagerly sought after.—*Bridgeport Farmer.*

The Governor has subscribed for five millions of stock in the Mississippi Union Bank for this State, and has executed and delivered to the directors bonds for that amount. One million two hundred and fifty thousand dollars of the bonds are payable on the 5th of February, 1850, and three millions seven hundred and fifty thousand dollars are payable on the 5th of February, 1858.

The directors of the Union Bank are still in session, and the commissioners to negotiate the bonds are also in attendance upon the board. They will start for the northern cities in the course of a very few days, for the purpose of effecting a sale of the State stock.—*Mississippians.*

MARYLAND BANKS.—The Baltimore Patriot of July 14th says:—As bearing upon the measure of resumption, now so near at hand, we present the subjoined summary statement of the condition of the banks in this city, as taken from the authorized monthly statement for July.

Aggregate circulation	\$2,139,747 88
Specie	1,140,885 50
Loans and Discounts	12,725,460 21
Deposites	4,314,483 35

Due to other Banks	3,383,962 03
Due from other Banks	3,358,234 59

As illustrating their comparative ability to resume at any time agreed upon, it is in our power to state that the aggregate indebtedness of the Baltimore Banks to the east is rather under \$700,000; while there is due to our Banks from Virginia, the District, &c., chiefly from the former, about \$800,000.

With regard to the twelve Banks of Maryland, other than those of Baltimore, we have not leisure this morning to prepare a synopsis, but the summing up of the two principal items of *specie* and *notes in circulation*, shows their condition to be in the aggregate very nearly similar to those of our city banks. The aggregate circulation of the banks of the State of Maryland is not quite two to one upon the specie in their vaults.

RHODE ISLAND BANKS.—Statement of the situation of the banks in the State of Rhode Island, &c., on Friday, July 6th, 1838, as the same appears by the returns made by them to the bank commissioners.

LIABILITIES.	
Capital Stock	\$9,853,113 00
Bills in circulation	2,184,201 17
Balances due other banks	732,730 51
Net profits on hand	388,544 89
Dividends unpaid	64,610 87
Deposits on interest	661,303 94
Deposits not on interest	816,311 65
Total amount of liabilities	14,700,816 03
RESOURCES.	
Loans and discounts	12,392,712 98
Specie in bank	538,203 68
Bills of other banks	876,206 51
Balance due from other banks	376,989 14
Stock in own bank	128,813 42
Stock, real estate and other property	287,890 30
Total amount of resources	14,700,816 03

From the Boston Daily Advertiser, July 16.

The Association of Banks which existed in this city, during the necessity for the suspension of specie payments, is dissolved. Before its dissolution, the commissioners, we believe, notified the Committee of the Philadelphia Banks, that the banks of this city were in readiness to resume at any time that those of Philadelphia should determine to do so. In this state they undoubtedly still continue, and as they have communicated this information, we do not see the necessity for their sending delegates to the convention.

SOUTH WESTERN RAIL ROAD BANK.—It will be seen from the notice published, that the Directors of the Louisville, Cincinnati and Charlestown Rail Road Company have determined to put this bank into operation in November next, and that for this purpose, books of subscription will be opened on the second Monday in October, and continue open for thirty days. This is a highly important measure, not only in reference to the exchange between the South and the West, but to the success of the rail road. The grant of banking privileges has already been conferred on the stockholders in the rail road, by the States of North Carolina, South Carolina and Tennessee, for the express purpose of promoting this great work, in which the interests of the South and West are so deeply involved. The charter, which has been granted without a bonus, for a period of thirty one years, has secured to the stockholders in the road, a privilege of inestimable value, and which, wisely and prudently used, may be of incalculable advantage to the country. The charter contemplates the gradual enlargement of the capital of the

bank with the progress of the road, until it shall reach the amount of twelve millions.—*Charleston Mercury.*

The Louisville Journal says the resumption of specie payments by the Kentucky Banks on the 13th instant, produced no excitement whatever. Up to the 18th inst. the Banks of Louisville had more specie deposited with them than they had been called upon to pay out.

From the Savannah Georgian.

The rice crops in our vicinity promise fairly, and although a little rain would be of service to them, we cannot complain. We sincerely wish as much could be said in favour of the provision and cotton crops—the former has suffered severely, and we fear has sustained serious and lasting injury from the dry weather. As to the cotton crop, the fine prospects presented to the planter a fortnight since, are overclouded, and unless the weather relents and bursts into tears, in plain English, unless it rains, and that at an early period, there is no telling the extent of the injury which will be received from the drought.

Macon, August 10.

"I remarked to you some time since that the present growing crop of cotton looked well. Since that time a continued drought, with unusual hot weather, has much injured the prospect, and is now daily doing so. The corn crop is also much shortened within the last twenty days."

From the Richmond Compiler of Monday, Aug. 13.

We gave a few days since an account of an important decision in one of the Southern Courts in cases of suits brought by one of the Banks against separate individuals as endorsers upon promissory notes discounted by the bank. The defendant's counsel contended that the contracts were void, inasmuch as the banks in discounting the notes calculated interest by "Rowlett's interest tables," which divided the year into 12 months of 30 days each, giving it but 360 days, which necessarily gave more interest than the law allows per annum. That it was, therefore, a corrupt agreement, and the contract consequently void. The plaintiff's attorney urged that it was the general custom adopted for mere convenience—that the contract was not intentionally corrupt, but made in good faith. The decision of the judge, that the interest calculated upon the notes was done by the plaintiff's knowing that that mode of calculating would give them a fraction over the stipulated terms of interest, allowing the year to contain 365 days. That it was therefore "corrupt," and that the Court could not interfere to enforce the conditions of an illegal contract. The same question, we understand, has been before the Supreme Court of Appeals of Virginia. In this State it is now settled, that such a transaction is not usurious. The decision was made, we are informed, in a case of the State Bank of North Carolina, vs. Cowan, decided about a year ago.

VIRGINIA GOLD MINES.—We understand that arrangements are now in progress to prosecute with renewed zeal and vigour the enterprise of opening and working the Gold Mines in various parts of Virginia. The gold region is far more extensive in the south than is generally supposed. It commences in Virginia, and extends south-west through North Carolina along the northern part of South Carolina into Georgia, and thence north-westwardly into Alabama, and ends in Tennessee. In 1831, the whole number of men employed at the Gold Mines in the Southern States was estimated at 20,000. The weekly product of the mines was then about \$100,000 in value, or \$5,000,000 annually. But a small part of the gold is sent to the United States Mint; by far the larger part is sent to Europe, particularly to Paris. The Gold Mines of Virginia have only attracted attention since 1827, and

the first Gold noticed as received at the United States Mint from Virginia was in 1839, amounting to \$2,500. The quantity received in 1833 had increased to \$104,000. Since the year 1833, numerous Mining Companies have been incorporated by the Legislature of Virginia, and several of them have gone into successful operation.

In September 1836, Professor Silliman, at the request of several Mining Companies, visited the Gold regions of Virginia, particularly the gold tracts in the counties of Louisa, Fauquier, Culpepper, and Buckingham.—*Southern paper.*

INDIANA.—One of the youngest of our states is now making a canal 444 miles long. This great work, the Wabash Canal, is to reach from Manhattan, at the mouth of Maumee river, to Terre Haute, on the Wabash, 310 miles; thence, by a cross-cut, 24 miles, to Central Canal, and down the southern section of that, 110 miles, to Evansville, on the Ohio river, in the south-western part of Indiana; making a total distance of 444 miles. The summit level, about 200 feet above Lake Erie, is at Fort Wayne. Upwards of 100 miles west of Wayne is now ready for navigation, and the whole will be completed by October, 1839.

INTERNAL IMPROVEMENTS.—The Salem Gazette says—"Massachusetts was slow in coming into the Internal Improvement system; but the Old Commonwealth is now in about as deeply as any of her neighbours, having issued or authorized scrip, in aid of various railroad projects, to the following amount:—"

For the Western Railroad, - - -	\$2,400,000
For the Eastern Railroad, - - -	590,000
For the Norwich and Worcester Railroad, - - -	400,000
For the Andover and Haverhill Railroad, - - -	100,000
For the Nashua and Lowell Railroad, - - -	50,000
For the Old Colony Railroad, - - -	100,000

\$3,640,000

IMPORTS OF COTTON INTO GREAT BRITAIN.—The imports of all sorts of Cotton into the kingdom since the 1st January to the 1st June, amounted to 770,000 bales, against 646,000 received during first the five months of 1837; and of American separately, the receipts were 659,000 against 432,000 bales. The stock in the ports of the kingdom at the same time appears to have been about 463,000 bales, against 474,000, the estimated stock at the same time last year; and of American cotton the stock amounted to about 313,000 against 245,000, showing a decrease in all kinds of 11,000, and an increase in American of 68,000 bales.

The commercial correspondent of the N. Y. Whig remarks upon the above statements, "Such large buying, for so many successive weeks, without producing almost any improvement in prices, forms a new feature in our market; and we believe it is not too much to say that, had it not been for the superabundance of money, we must have been considerably lower than we are at present, perhaps one penny."

SALES OF STOCK AT PHILADELPHIA.

September 3.

\$100 State Fives, 1858,	104	100
40 shares Girard Bank,	53½	50
50 " " cash,	53½	
50 " Exchange Bank, Pitts.	50	50
100 " Kentucky Bank,	93	100
5 " Planters' Bank, Miss.	98	100
12 " New Orleans Gas,	23½	30
\$300 Drafts on New York,	100½	100
106 shares Girard Trust,	25½	
10 " Schuylkill Navigation,	160	50
68 " Stonington R.R., 60 days B.	60	100

SALES OF STOCK AT NEW YORK.

September 1.

61 shares U. S. Bank,		123½
1975 " Del. and Hudson Canal,	81½	81½
215 " Ohio Life and Trust,	108½	106½
100 " Kentucky Bank,		93
175 " Vicksburg Bank,		88
315 " Mohawk Railroad,	75	75
75 " Patterson Railroad,		69
115 " Utica Railroad,	118½	119½
637 " Harlem Railroad,	71	72
195 " Stonington Railroad,	65	65
150 " Boston & Providence R.R.,	104½	105½
200 " N. J. Railroad & T. Co.	103½	103½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

September 1.

Bills on London, 60 days sight, 9 s 9½ p. cent. prem.	
" France, " 5 20 s 5 22½ fr. p. doll.	
" Holland, " 40 s 40½ cta. p. guild.	
" Hamburg, " 35½ s 36 cta. p. m. l.	
" Bremen, " 79½ s — cta. p. rix doll.	
" Boston, " par s ½ discount.	
" Philadelphia, " ½ s ½ do.	
" Baltimore, " ½ s ½ do.	
" Richmond, " 1½ s 2 do.	
" N. Carolina, " 3½ s 4½ do.	
" Charleston, " 2 s 2½ do.	
" Savannah, " 3 s 4 do.	
" Augusta, " 3 s 4 do.	
" Mobile, " 8 s 8½ do.	
" New Orleans, " 4 s 4½ do.	
" Louisville, " 2 s 2½ do.	
" Nashville, " 9 s 10 do.	
" Natchez, " 9½ s 10½ do.	
" St. Louis, " 3 s 4 do.	
" Cincinnati, " 2 s do.	
" Michigan, " 10 s 12 do.	
" Detroit, " 4 s 5 do.	
American gold, 7 premium.	
do. new coinage, per s ½ do.	
Spanish dollars, 2½ s 3½ do.	
Caroline do. 5 s 6 do.	
Mexican dollars, ½ s 1 do.	
Half dollars, par	
Five-franc pieces, 94 s 94½ cents each.	
Doubloons, \$16 50 s \$16 60 do.	
do. patriot, 15 60 s 15 68 do.	
Sovereigns, \$4 85 each.	

SPECIE.—Certain kinds of specie are at some slight premium for various purposes. Five franc pieces are wanted for exportation to their native country. A hundred thousand of them, more or less, will probably go by the Havre packet to-day. They are worth 94 s 95 cents each. Their legal value is 93 cents 3 mills.—*N. Y. Journal of Commerce, Sept. 1.*

TERMS.

PUBLISHED WEEKLY AT \$3 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

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THE FINANCIAL REGISTER

OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations of sounds, but for the intrinsic value."—Locke on Money.

Vol. II.

WEDNESDAY, SEPTEMBER 13, 1838.

No. 11.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 153.)

CHAPTER XXI.

Opinions of Mr. Carr Glyn with reference to the expediency of making the Bank of England paper a legal tender in the country—Of having only one bank of issue in London—Of publicity of the bank accounts—Of exacting security for their issues from country bankers—And of altering the time for the payment of dividends on a certain portion of the public stocks.

I. LEGAL TENDER.

[Glyn, 3,088 to 3,107] Mr. Glyn states, that he has discussed with several country bankers the question of making Bank of England paper a legal tender by them, in exchange for their own notes, during a period of political discredit, and that there is a feeling in the minds of some of those gentlemen that it would be a very beneficial measure. In that opinion he also concurs. At such a time it would be an advantage to have the whole of the bullion concentrated in one particular place, to meet any demand that might arise against it, instead of having it dispersed through the different branches and country banks. If the public then pressed in the country for gold, the payment in Bank of England notes would tend to check the panic, by throwing a difficulty in their way, inasmuch as they would be obliged to send the notes to London for the purpose of being converted. How far that difficulty might operate as an efficient check, would depend upon the degree of excitement going on at the time. It has been said that in remote parts of the country, a greater confidence is reposed in the country bank paper than in that of the Bank of England, on account of the former being better known in those districts, and furnishing a greater security from risk of forgery. But this feeling does not prevail to any considerable extent. In ordinary times the country banker can obtain gold from the branch

banks to any amount which he may require; but in a season of difficulty it would not perhaps be prudent for him to rely upon that resource. Indeed, in the case supposed, it would be expedient that the notes even of the branches should be payable only in London. There certainly would be a difficulty in making the Bank of England notes a legal tender on the part of country bankers, without applying the same principle to all other transactions, as a person who ought to have money at command at his banker's might thus be placed in a situation, in which it would be impossible for him to pay his debts. It would therefore be necessary that, if the notes of the bank were made a legal tender from the country banker, they should be invested with the same character as to all other persons, the bank alone excepted.

II. ONE BANK OF ISSUE.

[Glyn, 2,827] According to Mr. Carr Glyn's opinion, the exclusive privileges of the Bank of England are decidedly advantageous to the private bankers in London. [2,828.] The existence of more than one bank of issue in the capital would expose the commercial world to great fluctuations, and the bankers in particular to very great inconvenience in the details of their business. [2,829.] If, for instance, there were three or four banks of issue in existence at the same time, carrying on business in London, it would be necessary for the private banker to retain in reserve notes belonging to each of these banks. [2,857.] The business of bankers is of such a nature that they cannot refuse any facility that is required, and this would be one of those which competition would force upon them. [3,000.] Besides, if there were several large banking companies in London, with a very numerous body of influential proprietors, it naturally would be the object of those proprietors to make the circulation of the notes of their own particular banks as general as possible; and that inducement would make them desirous, when they had a demand upon a private banker, to force him by these means

into the necessity of using or locking up their notes. If any one presenting a check at the counter, under such a state of things, were to demand payment in any note he might choose, he must be paid either in that note or in gold. The consequence would be, that the London bankers would then be obliged to keep by them probably three or four times the amount of gold which they retain at present. [2,830.] The establishment of several banks of issue would moreover diminish the deposits of the private bankers considerably, inasmuch as the proprietors of shares in such institutions would naturally transfer to them deposits which are at present in the custody of the private bankers. Thus the latter would be deprived, in a great measure, of their power of supplying a portion of the traders of London, particularly the second class, with the accommodation now afforded them, without which they could not carry on their business, and which they would not be likely to obtain from a public body of directors. Such a body would not have those means of enquiring into the resources of the middling classes of traders which the private bankers possess, and which enable them to judge of the propriety of making the advances that are solicited. The traders would not have the same access to a board of directors which they have to private establishments.

[3,109 to 3,122] There is, however, a great distinction between the business of London and the country. In a country town, with a limited population, directors would be as well able to judge of their customers as a private banker could be. But in London it would be almost impossible for officers, who would be from time to time coming in and going out by rotation, to make themselves sufficiently acquainted with the character and circumstances of individuals. Even in the country, where all persons are so well known to each other, a director will not probably take the same trouble for his proprietors which a private banker would take for himself. It is the duty of a private banker to become acquainted with his customers; his business depends upon it; his advances must be governed by his knowledge. If the directors of a joint-stock bank could be persuaded to feel the same interest for their proprietors which a private banker feels for himself, then, perhaps, much of the difficulty might be removed. It must be admitted, that the joint-stock bank at Manchester have a very extensive and increasing business, arising in a great measure from the liberal accommodation they give to the public; their affairs are carried on under excellent management. They have a very

large list of subscribers, including some of the principal people in the town and neighbourhood; and they have, in consequence, interfered with the custom of the private bankers in that district. If it should be asked, why the country bankers should be subject to that interference, and the metropolitan bankers be preserved from it, the answer is, that the business in the capital is now well done, and perhaps better done than it could be under any other system. If that system, which is now and has been for many years in practice in London, be suited to its trade, and one under which its mercantile body has flourished, change would not be desirable. [2,956.] With regard to the country business, there are two points which might be modified: joint-stock banks might be safely permitted to make their notes or bills under 50*l.* payable in London; and the line of sixty-five miles drawn round London, preventing the establishment of any joint-stock banks within that circle, might be reduced to twenty or twenty-five miles, without interfering unnecessarily with the circulation of the Bank of England, or with other establishments.

[2,839] If several banks of issue were allowed in London, the competition between them would affect the value of the circulating medium, by exposing it to very great fluctuations. [2,841.] The natural inclination of all banking companies, who are seeking profit for their proprietors, must be to extend their issues. [2,845.] If there were three or four large banks of issue in London, the scramble for profit between them would prevent that due regulation of their paper which is essential to the safety of the circulation. London must always be considered as the great centre, [2,846,] to which all the money transactions of the empire point—as the spot upon which all the foreign exchanges operate, and where the first variations of expansion or contraction must always take place. The existence of several banks of issue in the metropolis would, therefore, be a very different thing from the establishment of so many similar institutions at Manchester. [2,956.] The Bank of England as a bank of issue, in connection with the private bankers as banks of supply, forms a system which could not easily be improved.

[3,007 to 3,016] The privileges which the bank possesses, of having its notes received in revenue, and of paying the dividends on the public stocks, would, if those privileges were continued, always give it a preponderance over other banks of issue, should such establishments be sanctioned in the metropolis. Its notes would still necessarily continue a

principal part of the circulation. The control which it would thus be enabled to exercise over other banks might be used as a salutary check upon them; but it would not altogether prevent undue fluctuations. For instance, suppose that several banks of issue existed in London whose total circulation amounted to 20,000,000*l.*; that they had locked up amongst them 4,000,000*l.* in gold, as a provision against that circulation, and that, from foreign loans or large imports, the exchanges, as sometimes may happen, take an unfavourable turn, there would be, of course, an immediate demand for gold for exportation; the notes of the joint-stock banks would be returned upon their hands for coin; and each having a smaller proportion in gold by it than was necessary, would immediately contract its issues, and call in its loans, for the purpose of possessing itself of the notes of other banks, in order to obtain from them that supply of gold which otherwise it would not have to meet its own engagements. This operation, extending through all the banks, would limit, if not stop up, accommodation to their customers, who would feel the consequences of such fluctuations in the currency; and it would not be in the power of the Bank of England, even if it were the preponderating establishment, to prevent those fluctuations from taking place.

III. PUBLICITY OF ACCOUNTS.

[Glyn, 2,963] A check might be put upon the absolute discretion of the directors of the Bank of England by the publication of their accounts; [2,964.] that is to say, the accounts of profit and loss, if they could be disconnected from those relating to the bullion. The publication of the amount of the bullion is a subject upon which Mr. Glyn entertains considerable apprehension. [2,965.] If the statement of the bullion in the hands of the bank were confined to the six months previous to the period of publication, it might diminish the danger; [2,966.] but even with that precaution, a knowledge of the fact would probably have a tendency to create speculation. [2,974.] As to any other species of control over the directors, it would be impossible to carry it into effect, without such a daily interference with their transactions as would render it almost impracticable for them to carry on their business.

IV. SECURITY FROM COUNTRY BANKERS.

[Glyn, 3,151 to 3,180] If security were exacted from country bankers issuing paper,

there is no doubt that they would be perfectly able to give it; but such a system would be attended with great inconvenience. It would not be right to call on any man to provide for payment of his notes in two, or rather in three ways. He would first have to provide for them at home; next, with his London agent, if they be payable there; and thirdly, in the security given to government; thereby losing so much of his present profits, that he would have scarcely any inducement to follow his business. It would be much preferable to the other alternative, if the government would induce the country bankers to act with the Bank of England notes, giving security for them to the branch bank. In that case they would at once get rid of two of the liabilities mentioned; by giving security to the branch, they would avoid the necessity of provision at home and in London. As a matter of justice, there is no good reason why a country banker should give security for his notes rather than for his deposits.

V. ALTERATION OF TIME FOR PAYMENT OF DIVIDENDS.

[Glyn, 2,988 to 2,991] Great practical convenience would arise from an arrangement, by which a portion of the public stocks should have the dividends upon them payable at other periods intermediate between the termination of each quarter. Before the bank had adopted the system of equalising the currency upon which they have recently acted, the London bankers were very frequently obliged, before the quarter day, to make sacrifices in order to raise money. That necessity has been since done away with, and the bankers are now enabled to be as liberal a fortnight before quarter day as they are at any other time. The regulation as it stands at present is highly beneficial to the public, and the principle of it would be extended by the measure above mentioned.

CHAPTER XXII.

Opinions of Mr. Lloyd with reference to the proposed limitation of the paper currency of the kingdom to notes of the Bank of England—The expediency of having only one bank of issue in London—Of obtaining security for the conduct of the bank—Of publicity of accounts—And of repealing the usury laws.

I. LIMITATION OF THE PAPER CURRENCY TO NOTES OF THE BANK OF ENGLAND.

[Lloyd, 3,371 to 3,374] Bank of England notes and gold form almost the whole circulation of Manchester; but that is no reason why they should constitute the entire currency

of the kingdom. Many persons think that if the local paper of the country banks, particularly in agricultural districts, were done away, the country bankers would not carry on their business any longer—a result that would be a severe injury to some parts of England and Wales. In manufacturing towns, the circulation of the bank, added to gold, might be sufficient for all purposes; but a very great distinction should be taken in that respect between the trading and the agricultural districts.

[3,455] If the question were, whether, upon a general abstract principle, it would be the best system of currency to have only one bank of issue throughout the country, it could be answered only in the affirmative. But the expediency of now attempting to introduce such a change is a very serious consideration.

[3,456.] Looking to the circumstances and habits already existing, the best course would perhaps be to combine a plan of that kind, as far as possible, with the conflicting interests of the private bankers. [3,448.] Those interests would undoubtedly be injured even by the establishment in London of a bank, with large capital, allowed to issue notes not in London, but throughout the country by branches. Any change that tends to increase the number of issuers is likely to lead to inconvenience and difficulty. [3,450.] The present system of country banking is certainly not quite perfect, though it might not be easy to suggest any amendment. [3,452.] There are country banks in operation which have not sufficient capital, [3,453.] and some of these might possibly be extinguished by the rivalry of such an establishment as that just alluded to. But it would still leave many issuers behind, and those most probably of the least responsible classes. [3,458.]

[3,454] As to the district round London within which the Bank of England have now the privilege of preventing any bank, consisting of more than six partners, from issuing notes, the particular extent of it is not a matter of much importance either to the bank or the public.

II. EXPEDIENCY OF HAVING ONLY ONE BANK OF ISSUE IN LONDON.

[Loyd, 3,244 to 3,307] Mr. Loyd* thinks that the effects of the exclusive privilege of the Bank of England, of being the sole issuer in the metropolis, are more advantageous than

* The opinions of Sir Coutts Trotter are so much in accordance with those of Mr. Carr Glyn, that it would be superfluous to repeat them.

a multiplied number of issuers would be, with reference to the interests not only of the private bankers, but of the public generally. A competition between several banks of issue in London would interfere very materially with the business of the private bankers. London being the centre in which all the money transactions of England are ultimately settled, it would be absolutely necessary that there should be one circulation, in which all such transactions throughout the country might be adjusted. If there were more than one circulating medium in London, there would, of course, be differences of opinion as to the solidity of the different issues, and different degrees of partiality towards the rival establishments, which would create great confusion. If parties in the country should write to their agents in London to send them money, those agents would not know in what notes to send it, unless they had standing instructions to remit in the issues of particular banks. The same thing would happen, in all probability, with the London customers. One person would refuse to take payment except in the notes of a certain company, another would require those of a different company, which would create interminable perplexity. In addition to this, it is apprehended that any adjustment of their transactions by the different bankers in London among themselves, would be almost impracticable, unless they agreed upon some one paper in which it should be effected. If that were the case, the profits of issue, likely to be divided amongst the other concerns, would not be sufficient to enable them to carry it on.

If, indeed, there were no notes circulated in London but notes made receivable in payment of the revenue, in virtue of an arrangement with each of the joint-stock banks similar to that which now exists with the Bank of England; or rather, if the different currencies of London (supposing several banks of issue to be in operation) were so arranged, that there was the same degree of confidence in them throughout the whole country, and there was no partiality in any class of the community to any one establishment, then many of the inconveniences of detail would be removed. It is of course presumed, that in that case the government would take such securities for itself as would place the solidity of the banks beyond all question. The whole of the security should not, however, be appropriated to the payment of the notes of the different establishments. Such an arrangement as that, by leaving the depositors unprotected, would totally destroy the only consideration favourable to a joint-stock bank,

namely, extended security for those who intrust their money to its custody.

Besides causing fluctuations in the currency, competition amongst different banks of issue in London would oblige them to reserve a greater quantity of gold, in order to manage their issues, than would be required under the present system, to meet the same amount of circulation. The greater the quantity of gold, of course the greater would be the means of encountering any discredit of paper. But that advantage would, upon the supposition, be purchased by the partial sacrifice of the benefit which a paper currency is intended to produce, viz. the transference of capital from the unproductive state of bullion to a productive state. London banks consisting of less than six partners might now issue notes if they pleased; but they would not find it their advantage to do so. The same reasons that operate upon those bankers would probably restrain joint-stock companies, in London, from issuing notes after they had acquired a little experience.

The establishment of joint-stock banks of mere deposits in the metropolis would not produce the inconveniences attached to banks of issue; but they would not be found to transact the business of the London trade so well as the private banks. They would probably diminish the number of the private banks considerably; and the important question would be, whether the diminution would be produced by the destruction of the weaker class of the London houses, leaving the more responsible in full action; or, whether it would drive out of the field the more responsible, and leave the competition to be carried on between the joint-stock banks and the less opulent private bankers? The probability is, that it would produce the latter result, and for these reasons: it would of course lessen the satisfaction with which such bankers have hitherto carried on their concerns; they would not like to embark in a contest against active rivalry, and those who carry on their business from an attachment to old habits and feelings of that description, and who, from their circumstances, are independent of the profits of trade, would be more likely to retire than those parties who must persist in the same line in order to secure their maintenance. A similar effect must follow from the establishment of joint-stock banks in the country, although it would seem, that if they persevere in the course which they have already adopted, of re-discounting in the London market the bills which they had previously discounted for their customers, it would show that they are not succeeding in attracting deposits;

that they are obliged, in fact, to trade in some measure upon London capital, and to avail themselves of a resource which would be repudiated by country bankers of first rate character and conduct.

The advantage which joint-stock banks can acquire over private bankers, depends upon the amount of the capital of the former compared with that of the latter. On first setting out, the joint-stock establishments, by the extensive distribution of their shares, acquire an artificial appearance of prosperity, which, when their adaptation to public convenience comes fairly to be tried, they will not, in all probability, be found to retain. They are deficient in every thing requisite for the conduct of banking business, except extended responsibility. That business requires persons peculiarly attentive to all its details; constantly, daily, and hourly watchful of every transaction, much more so than mercantile affairs. It also demands prompt decisions upon circumstances as they arise, which sometimes will not admit of delay for consultation, and must be treated with discretion. Joint-stock banks being of course obliged to act through agents, and not by a principal, and therefore under the restraint of general rules, cannot be guided by a nice reference to degrees of difference in the character or responsibility of parties; nor can they undertake to regulate the assistance to be granted to concerns under temporary embarrassment, by an accurate acquaintance with the circumstances, favourable or unfavourable, of each case, or to pledge themselves to the degree of secrecy which is absolutely indispensable under such circumstances.

III. SECURITY FOR THE CONDUCT OF THE BANK.

[Loyd, 3,396] If the bank are to be the exclusive paper issuers in the country, it is essentially requisite that the public should have the best security they can obtain for the management of the currency. [3,397.] Commissioners might be elected from the general body of the bankers and merchants, and also a person appointed by government, to control the operations of the bank. But it would be difficult to say how such a plan might work; or whether the circulation would be improved by giving the government a greater control over the bank than it already possesses. The present system, as it has been lately administered, particularly within the last five or six years, has certainly afforded due protection to the public interest; and it approaches so near to perfection, that any great change in

it ought not to be hazarded for the purpose of doubtful improvement.

IV. PUBLICITY OF ACCOUNTS.

[Loyd, 3,382 to 3,387] Supposing it to be decided that there should be only one bank of issue in London, and that bank to be the Bank of England, the first great alteration in their system, which Mr. Loyd conceives absolutely requisite, is a full and regular publication of their accounts, including the amount of the bullion. It would be much less dangerous to them to publish the amount of bullion in their hands than to suppress it. There may undoubtedly be states of the bullion of the bank, in which, if exact knowledge respecting it came out in an insulated manner, in the midst of previous ignorance, it might be followed by very serious consequences. But if information on that subject were systematically communicated, and the public were taught to reason upon its effects, as they would be through the discussions that would take place in the public journals and by other means, more confidence would be reposed in the bank (always assuming the bank to be so conducted as to deserve confidence) than there can be whilst that information is withheld. A great deal of unnecessary alarm often exists in the public mind about the bank, which would no longer be felt if the state of the bullion were accurately known to the world. Such a publication would probably prevent the amount of gold in the bank from ever falling so low as to endanger that establishment: and the obligation of frequently, at recurring periods, disclosing the course of their business, would make the bank more watchful in keeping their affairs in a proper condition, and more cautious as to entering into any transactions of a doubtful nature.

[Loyd, 3,408 to 3,420] The very impressions that exist upon the public mind with respect to the danger of a temporary deficiency of the amount of treasure, are founded upon the want of an adequate understanding of the subject. If they were satisfied, by a continual repetition of evidence presented to them, that the bank was in an unquestionably solvent condition, and its affairs wisely managed, then even an acknowledgment of the fact, that the supply of treasure at the moment was not adequate, would not produce any serious results. If, for instance, a very unusual and unexpected demand took place for the conversion of local country notes into gold, and the bullion in the bank became so far exhausted as that they were not able to meet that demand, the immediate effect of such an occur-

rence would not be so dangerous under the circumstances of a systematic publication of their accounts, and a general conviction that the concern was really solvent and well conducted, as it would be under the present practice, when, from the suppression of knowledge, suspicion is engendered, which always exaggerates the evil.

If such a system of publication and disclosure had existed in the year 1825,* it would have tended to abate the alarm of the country at the close of that year, when it became notorious that the treasure in the bank was nearly drained. The discussion here alluded to would, of course, take place partly through the medium of the public journals; and those journals might not always agree in taking sound and accurate views of the affairs of the bank. But that would be of minor consequence, as, whatever opinions the journals may advance, discussion upon any doubtful point is the most likely way to arrive at a correct conclusion. If an erroneous impression existed that the paper money was in-

* It is right that the reader should be apprised of the view Mr. Loyd takes of the danger which existed at that period.

"3,462. You are probably aware that it was stated, from high authority, in 1825, that we were within a very few hours of barter, meaning that we were within a very few hours of a situation in which there should be no coin and no acceptable paper: do you conceive that representation to have been correct?—I think there were plausible grounds for stating that we were in danger of approaching to something that might resemble that state for a short period.

"3,463. Do you conceive that we were near a recurrence of what happened in 1797—the necessity of stopping issues of coin for a time?—We were certainly within great danger of the bank not being able to issue any more coin at the moment.

"3,464. Would not such an occurrence have been productive of very great inconvenience both to the public and the state?—It would have been productive of great temporary inconvenience; but I think the inconvenience would have been very transient.

"3,465. But you think it would have been an inconvenience quite unaccompanied by any doubt of the solvency of the bank itself?—I think the actual announcement that the gold was positively exhausted, would probably have produced some alarm about the bank itself.

"3,466. Do you conceive that any part of the mischief was owing to the conduct of the bank in the year 1825?—I think a good deal of the mischief was originally attributable to errors on the part of the government and of the bank." "I mean," adds Mr. Loyd, in answer to another question, [3,471.] "that the previous state of things, the general excitement and enterprise, and the ungarded condition in which both mercantile and banking concerns were found, had been in a great degree caused by imprudent transactions on the part of the bank, urged principally by the government. I allude in a great measure to the increase of issues for instance, the purchase of the dead weight, advances upon mortgage, and other similar transactions."

secure, that impression would be removed by discussion; and if the impression was not erroneous, discussion would be the best means of ascertaining the true remedy for so great an evil, and of enforcing its adoption.

[3,440] Again, in the month of May 1862 there was a very considerable demand upon the bank for gold, and the ~~sum~~ remaining, when the drain ceased, was greatly inadequate to that which they generally hold in reserve. If that fact had then suddenly come out; as a ray of light through a mass of darkness, it might possibly have produced alarm. But if it had been a fact following a long series of information, to the course of which information the public had been accustomed, it would not have attracted much notice:

[3,421] The just feeling of confidence in the bank reposes upon the extent of their *capital*, rather than the amount of their actual *treasure*. The extent of that capital as compared with the engagements of the bank, may be easily known from documents already laid before the public; but they have no detailed accurate knowledge on the subject. The impression amongst persons in the monied world is, that the bank are perfectly solvent; but doubt upon that point exists through a much more extensive class of the community, founded upon the want of sufficient information. Those who entertain such a doubt are quite wrong, but their error arises from their ignorance, which ought to be removed. If the necessary degree of knowledge with reference to the affairs of the bank were unreservedly given to the public, and associated with their habits of thinking, then any temporary circumstance that should derange the supply of gold would be productive of no injurious alarm. The more open and candid the publication, the more extensively will it spread satisfaction where satisfaction ought to exist.

V. THE USURY LAWS.

[Lloyd, 3,472] The usury laws are inconsistent with sound reason; they interfere with the power of obtaining the value for money which it would otherwise bear, and therefore interrupt the free course of transactions. When the general value of money is above five per cent., they compel the bank to resort to the refusal of discounts. Not being able legally to raise the rate of interest above five per cent., they cannot contract their issue through that source, except by actually refusing discounts; otherwise the rate might be continually increased, and thus the contraction would be produced by the more natural pro-

cess. The repeal of these laws, so far as they relate to bills of short date, might be partially beneficial. Such a measure as that would, however, be an imperfect one, and would by no means answer all the purposes either of banks of issue or of the community at large.

CHAPTER XXIII.

Opinions of Mr. Gurney with reference to the projects of making the Bank of England paper a legal tender in the country—Of having only one bank of issue in the metropolis—Of obtaining security for the conduct of the bank, and of publicity of its accounts. His objections to the establishment of joint-stock banks, and branches of the Bank of England.

I. LEGAL TENDER.

[Gurney, 3,787 to 3,796] It would be a beneficial measure if the country bankers were permitted to pay, not only their own notes, but all other demands upon them, in Bank of England paper. They can hardly say, "This is a demand of one nature, I will pay it in coin; this is a demand of another nature, and I will pay it in notes." No disadvantage could arise from such an arrangement; it would be just, because it would be paying the individual in the money which he has paid the banker; and, instead of creating any suspicion against the capability of the Bank of England to pay in gold, it would rather produce the contrary effect.

II. ONE BANK OF ISSUE IN LONDON.

[Gurney, 3,725] The establishment of other banks of issue in the metropolis besides the Bank of England, would not be advantageous to the public. The notes of that institution, founded as they are, furnish the best circulating medium that can be obtained. [3,728.] Any admixture would be injurious. [3,727.] The present system works exceedingly well, and it ought not to be endangered by putting a variety of notes in competition with each other in the city of London. [3,751.] If there were many banks of issue in the capital, the effect of any one of them falling short in payments of cash would have an immediate effect of increasing the pressure upon all. Analogous cases have sometimes occurred; for example, there is nothing that will try one bank in a country town so much as the stoppage of another. The system altogether on which banking is carried on in the metropolis, [3,730.] including the operations of the Bank of England, is so excellent in itself, so well conducted, and so beneficial to the community, that no alteration in it could be

otherwise than highly impolitic. As to the bank's exclusive privileges, they might, perhaps, be relaxed in some instances. The limit of sixty-five miles, within which banks of issue with more than six partners are prohibited, might be lessened twenty-five miles; [3,731.] and joint-stock banks might be enabled to make their notes payable in London, without any detriment to the Bank of England. [3,734.]

III. CONTROL OVER THE BANK.

[Gurney, 3,758] A reasonable and proper interference with the management of the bank on the part of government would be highly desirable; but it should be of a limited character. Instances of interference have occurred on former occasions which have been injurious to the country, and it ought not to be in the power of government to repeat them. With reference to the principal object which would be sought in establishing any system of control over the bank, namely, the prevention of fluctuation in the currency, it is extremely doubtful whether any kind of control would be efficient for that purpose. [3,490 to 3,509.] These fluctuations have, indeed, been sometimes attributable partly to the management of the bank—as, for instance, when they have taken steps for the specific object of increasing the amount of their circulation, by advances on mortgage, by the purchase of exchequer bills, and by opening their doors out of the regular course for mercantile discounts. But fluctuations may and do also arise from causes which are beyond the control of the bank; and even if it were possible to put a stop to them, it seems scarcely desirable that forcible measures should be resorted to for that purpose. Fluctuations, though injurious to some, are by no means disadvantageous, at all times, to all persons engaged in commercial transactions. When there is a high state of circulation, it has, perhaps, a tendency to lead people, especially incautious people, somewhat out of their depths, but less so than is generally presumed to be the case.

It would be very desirable that over issues of the bank should be prevented; but no other check can be adopted with safety for the purpose of controlling those issues, excepting that which arises naturally from their paper being always convertible into gold. It sometimes happens that a given amount of circulation will create a feeling of abundance in the money market, and yet the same amount will, in another state of things, excite a very

different expression. Hence it would seem to be quite impracticable to fix what should be the right amount on all occasions. Little aid can be derived from the foreign exchanges for the regulation of the amount of paper required for the currency under ordinary circumstances, because it frequently happens that, with an adverse state of the exchanges, there may be such an extent of transactions in the country and in the metropolis; that the exchanges, if allowed to have full operation, would tend seriously to cramp the money market, and injure the community. In fact, no system of currency can be established that will prevent fluctuations; they are in the very nature of things. A state of increasing prices has a tendency to increase the amount of circulation; a decrease in prices has the contrary effect; and no artificial machinery can prevent these consequences from being produced by their corresponding causes.

IV. PUBLICITY OF ACCOUNTS.

[Gurney, 3,682 to 3,724] An occasional publication of the circulation of the bank would do no harm to that establishment, and would be advantageous to some persons, especially to all money dealers, to whom it would be an indication for the transaction of their business. But a disclosure of the amount of the bullion would be very injurious. Credit is a ticklish thing in its nature, and is by no means improved or protected by exposure. During favourable times there would, of course, be no danger; but during times of difficulty, the notoriety of decreasing stocks of bullion would create alarm, and aggravate the difficulties of the bank. No dependence can be placed upon any supposed increase of knowledge among the people on the subject of money. It would afford no security whatever against that capricious disposition on the part of the public, by which runs on the banks are generally distinguished. Many of those who even profess to understand the subject of currency, are exceedingly ignorant of it. The concealment of the circumstances of the bank has never led to false impressions out of doors as to its conduct; the knowledge, or rather the belief, which the public now have as to what is going forward in the bank, attracts as much confidence as is necessary towards that establishment. As to the country bankers, they would have no objection, probably, to the publication of the amount of their circulation; but it would be of very little consequence in any point of view.

V. OBJECTIONS TO JOINT-STOCK BANKS.

[Gurney, 3,735 to 3,744] It is admitted that many valuable institutions are in existence under the denomination of Joint-stock Banks, but it does not seem probable that they can transact banking business so well as private establishments. Country private banks have undoubtedly often failed; but joint-stock banks furnish no peculiar protection against loss. The public become shareholders, and any loss which the institution makes falls immediately upon their shoulders, without the intervention of the fortunes of individuals, as in private banks. The joint-stock system is one under which losses are likely to accrue; injury will arise from trafficking in shares; persons become partners who are incompetent in respect of property, and very many take shares who are ignorant of the responsibility which they incur. There is no doubt that the public will suffer more under this system than they ever have done under private banks. Such institutions will be founded, and many of them may continue, because it is so much to the interest of the agents to maintain them; but it will not be advantageous to partners to engage in those companies generally, some very few excepted. They are more likely to be great in their results in the manufacturing than the agricultural districts; but whether those results will be always upon a favourable side, time only can show. There is no reason why any distinction should be made between those institutions and private banks, as to the responsibility of all the partners; that responsibility should be limited only by the extent of their fortunes.

With respect to the allegation, that joint-stock banks re-discount their bills in London, there is a great variety of practice on that point, partaking of the character of the banking business in the districts in which they exist. Some of them have much surplus cash; others, under equally good management, find it to answer their purpose to take advantage of the low rate of interest in London. Nor is it unusual for private bankers of first rate credit to re-discount bills in London which they have already discounted in the country. It is the common practice of some of the most wealthy houses in Great Britain.

VI. OBJECTIONS TO BRANCH BANKS.

[Gurney, 3,786 to 3,786] No advantage has arisen from the establishment of Branch Banks of England in the country. They have

given no facility to the public which did not exist before. Money could have been remitted, in the course of post, from one town to any other town in the kingdom by the resident bankers, before the branches were ever thought of. For many years past, the local bankers have been mutual agents throughout the whole country. The branches have lowered the profits of banking, and so far they have conferred a benefit on traders in some districts, but they have been wholly inoperative in others; they have also reduced the rate of interest unreasonably and incorrectly in some places, thus giving those places an advantage even over the metropolis. By lowering the rate of interest to the manufacturer, they have compelled the private banker to diminish the interest which he formerly allowed upon deposits; and this has a very injurious effect upon a considerable class of persons. It is much more detrimental to an individual of that class to have the interest upon his deposit—the accumulation of his labour—decreased, than it would be to the merchant to pay a little more discount upon his bill transactions. It is altogether a wrong proceeding. It may be proper to add, that, according to Mr. Gurney's statement, his business as a bill broker has not been injured by the establishment of the branches; on the contrary, many manufacturers and merchants who formerly sent their bills to a banker in town for discount, now send them to his house for that purpose, and the proceeds are remitted through the branches.

(Continued at page 177.)

From the Newburyport Herald.

The Boston Atlas has an article on the resumption of specie payments, and the course of the Boston, New York, and Philadelphia Banks as connected with the business of those cities, and the trade connected with them. There is one view of this subject which we should like to have taken by some of those who have access to the facts. Was not New York more deeply involved in ruinous speculations than either Boston or Philadelphia, and was not Boston more involved than Philadelphia; and do not these facts furnish a better explanation of the relative degree of breaking up among the merchants in each place, than the course of the banks? New York was most intimately connected with the speculators in cotton and negroes. Philadelphia is more connected with the grain growing states, who have been reaping rich harvests during the greatest depression, and the Boston merchants were not generally so speculative, and had more capital in proportion to their business than the bulk of the New York houses.

A new bank is about to go into operation in Cincinnati, under the title of the *Mechanics' and Traders' Bank of Cincinnati*. Dr. W. Price has been appointed president, and Wm. Sartles, cashier.

From the Boston Atlas of February 2.

REPORT OF THE COMMITTEE ON THE FRANKLIN BANK.

The joint special committee, appointed to examine into the doings of the Franklin Bank, in the city of Boston, and hear the bank thereon, agreeably to the provisions of the thirty-sixth Chapter of the Revised Statutes, and report the result of their investigation to the present legislature, submit the following

REPORT.

The committee met the president and directors of the bank at their banking-house, for the first time, on Friday, the 12th day of the present month, and continued their investigation during six successive meetings, at each of which, the president and a majority of the directors were present. Previous to the last meeting of the committee, which was on Saturday, the 20th instant, they caused the corporation to be duly notified to appear before them to show cause why their charter should not be declared forfeited.

The present condition of the bank will appear, by the following statement, furnished to the committee at their first meeting:—

STATE OF THE FRANKLIN BANK, JANUARY 12, 1838.

Dr.	
Real estate,	\$5,000 00
New banking-house,	17,623 86
Bank vaults,	500 00
	<hr/>
	\$23,123 86
Steel plates,	750 00
Expenses,	4,035 24
Profit and loss,	35,927 21
Suspense account,	3,000 00
	<hr/>
	38,927 21
Westbrook Bank,	1,834 04
Franklin Bank stock,	82,080 00
Lafayette do,	15,600 00
Lafayette Bank,	10,093 64
Deposits,	1,059 44
Notes discounted,	169,246 03
Checks, &c.,	58,460 94
B. F. Hathorne,	120,815 79
	<hr/>
	\$526,026 24
Cr.	
Capital,	\$150,000 00
Dividends,	2,796 00
Contingent fund,	367 20
Discounts,	2,319 46
Interests,	4,412 33
Post notes,	167,075 00
Deposits and scrip,	44,400 00
Bank bills,	214,389 00
On hand,	72,044 00
	<hr/>
	142,345 00
United States treasury,	12,311 25
	<hr/>
	\$526,026 24

From this statement it appears that there is a very great deficiency in the assets of the bank to meet its liabilities, and this deficiency will the more strikingly appear by a particular examination. The real estate which stands upon the books of the bank at \$23,123.86, is now under attachment to the amount of \$75,000.00, and on the 10th day of July last, was assigned, subject to this attachment, to the United States, to secure the sum of \$12,511.25. The next item of \$1,834.04 in a debt against the Westbrook Bank in the State of Maine, is claimed to have been settled, and the com-

mittee are inclined to believe that such is the fact. The Franklin Bank stock, to the amount of \$82,080.00, which is held by the bank on its own account, cannot in the least add to its resources; for it appeared to the committee most satisfactory that for many months the stock has been worthless. A similar remark may be made in reference to the \$15,600 of stock in the Lafayette Bank. Although the committee are not informed of the exact condition of this bank, yet such has been its intimate connection with the Franklin Bank, that an examination has made us sufficiently acquainted with its situation, to assure us of the entire worthlessness of its stock. The debt of \$10,600 against the Lafayette Bank is balanced by two bank books sold by the Franklin Bank to the Lafayette Bank, which were negotiated by the latter, and were not paid by the Franklin Bank when they became due, and which will hereafter be returned. The item of \$169,246.03 of notes discounted was found upon particular examination, not to add very materially to the resources of the bank. The whole of these notes have for some time been over due. More than one half of the whole amount, or about \$90,000 are payable in the liabilities of the Franklin Bank, the original notes having been given up for notes payable in that manner; and although a portion of notes payable in Franklin Bank securities are not now due, the debts for which they were given had been a long time over due, before they were exchanged. Of the remainder of the notes which have not been exchanged, but a small amount can ever be collected. The checks of different individuals to the amount of \$58,460.94 are, as near as the committee could ascertain, of more doubtful value than the notes.

The remaining item among the assets of the bank which we shall notice, is the sum of \$120,815.79, claimed as a balance against Benjamin F. Hathorne, the former cashier of the bank. Hathorne denies that this sum is due. The particular circumstances of this claim will be explained hereafter. It is sufficient here to observe that whether the claim be due or not, its payment cannot be expected, as Hathorne is represented as being destitute of property. From these statements it is apparent that not only has the whole capital of the bank been lost, but that a great proportion of its bills and liabilities now in the hands of the public, amounting in the aggregate to more than \$350,900, will never be paid. The committee on this account were induced to institute a more rigid examination into the causes and course of management which had overwhelmed the institution in such complete ruin. The result of that examination we now proceed to spread before the legislature.

The Franklin Bank was incorporated in 1828. Its capital was originally \$100,000, and at the January session of the legislature in 1832, was increased to \$150,000. The whole amount of its capital was paid in, and it continued in a highly prosperous condition till the change in its direction took place in October, 1834. Mr. Jeremy Drake, who was its cashier from October, 1831, till the autumn of 1834, testified to the committee that its concerns were in a flourishing condition at the time he left the bank.

During the summer of 1834, a project was set on foot by Thomas Richardson, Josiah Dunham, and Benjamin F. Hathorne, with the knowledge and advice of Ebenezer Stevens and Ebenezer Hayward, and perhaps others, to change the direction of the bank and place its management in other hands. To accomplish this, it became necessary to purchase a sufficient amount of stock to secure a majority of votes at the election of directors. Richardson and Hathorne were the active parties in the purchase of this stock, and the result of

their efforts was, that they became the owners of the stock of the bank to the amount of about \$75,000, at a cost to themselves of eight per cent. above par. By means of the stock thus purchased a new board of directors were chosen in October 1834, among whom were Richardson, Dunham, Stevens, and Hayward. Richardson was made president, and Hathorne cashier. Of the stock which had been purchased under the foregoing arrangement, \$25,000 were taken by Richardson, and the remainder was left on the hands of Hathorne, in whose name it had been originally purchased. Although it had been understood that Dunham, Stevens, and Hayward, were to be interested with Richardson and Hathorne in the stock to be purchased, this arrangement seems never to have been carried into effect. Hathorne, a young man, destitute of property, and the cashier of the bank, was thus left with \$50,000 of its stock on hand, and to provide for the payment of the large debt which had been incurred by the purchase. That this stock was held by Hathorne with the knowledge and consent of the directors, is proved by the fact that he was aided by the funds and credit of the directors, as well as the funds of the bank, in his numerous operations on account of it; in which he was engaged for a period of about three years. During these operations, Hathorne sustained himself by a resort to loans on short periods of time, and at exorbitant rates of interest; and when loans could not be obtained in season to meet his numerous payments, the cash drawer of the bank supplied the deficiency; and when, by these appropriations, the resources of the bank were so far diminished as to render it unable to meet the numerous applications of its customers for discounts, most of whom were the directors, new loans were negotiated to supply the deficiency which had thus been created in the funds of the bank. Although this stock stood upon the books in the name of Hathorne, Dunham, Stevens, and Hayward, they seem to have considered themselves under obligation to sustain him in the numerous payments which were from time to time made on account of it. This is shown, not only by the fact that Dunham and Stevens were the endorsers of his notes, and that they consented to his using in these operations the funds of the bank, but also by the fact that an agreement was entered into between Dunham, Stevens, and Hayward, to share among themselves, in certain proportions, the extra interest which had been paid by Hathorne upon his stock notes. These transactions seem to have been so far connected with the operations of the bank, that no account was kept of them by Hathorne, separate from the concerns of the bank; but that his stock transactions were so intimately blended with all the business of the bank, that loans were as frequently negotiated by Hathorne to supply the wants of the bank as for the payment of his own notes.

This state of things continued until Hathorne ceased to be cashier of the bank in 1837, and at a loss to the bank, as it eventually turned out, of not far from \$20,000, as claimed by Hathorne in extra interest paid in the various negotiations on account of this stock. In the month of August, 1836, Mr. Richardson, who is not proved to have been as conversant with Hathorne's transactions in Franklin Bank stock as other directors, left the bank, having first sold to Dunham, who succeeded him in the office of president, his stock to the amount of \$27,000, at an advance of three per cent. above par. Richardson's stock was paid for out of the funds of the bank. In the month of November or December, as testified by the directors, their confidence began to be impaired in the integrity of Hathorne, from the fact that they ascertained that he had applied \$23,000 of the money of the bank to a speculation in

beef and pork, in which Hathorne was to be jointly interested with another individual. But it does not seem that this produced any great alarm in the minds of the directors, for they admit that, after this discovery was made, they suffered Hathorne to remain as cashier for at least the period of two months. It was also admitted by Stevens, that previous to Hathorne's engaging in this speculation, the project was submitted to him by Hathorne, and Stevens does not appear to have discountenanced it. In the month of February, 1837, Dunham as president of the bank, agreed to take of Hathorne his stock at its cost, including the \$20,000 which had been paid in extra interest. This stock, with that purchased of Richardson, and a few additional shares which had been purchased by Hathorne subsequent to the first operation, and which stood in his name, make up the \$32,080 of Franklin Bank stock which now appears among the assets of the bank.

The stock taken of Hathorne was credited to him at its par value upon the books of the bank, and even that amount did not reduce his balance below \$120,000. It is claimed by Hathorne that the \$30,000 paid by him in extra interest should also be credited to him:

The Franklin Bank stock was not the only stock in which Hathorne was concerned while he was cashier of the bank. Stocks in the South Boston India Rubber Company, the Roxbury India Rubber Company, the Chemical Company, the Lafayette Bank, and the Westbrook Bank—all received a share of his attention. The committee are unwilling to extend this report by a detailed account of the various transactions in these stocks. We will however remark, that in most of these transactions he was connected with some one or more of the directors of the bank. In the Roxbury India Rubber stock, Richardson, being then president of the bank, was jointly concerned with him, and the result of that transaction, so far as regards the bank, is, that Hathorne's note is now among the assets of the bank for \$10,000, with Chemical stock pledged as collateral. In his dealings in South Boston India Rubber stock, he was connected with Thomas Richardson, Josiah Dunham, Ebenezer Stevens, and Hugh Montgomery, all directors of the bank, and owners of stock in the South Boston India Rubber Company. As a subscriber to the stock of the Lafayette Bank, his name appears with those of Josiah Dunham, Ebenezer Stevens, and Thomas Richardson to the following amounts:—

Josiah Dunham,	\$30,000
Ebenezer Stevens,	12,000
Thomas Richardson,	15,000
Benjamin F. Hathorne,	5,000

And these subscriptions to the stock of the Lafayette Bank were made at the very period when Hathorne was holding stock in the Franklin Bank, with the consent and aid of Dunham and Stevens, to the amount of more than \$50,000 without being able to pay for it, except from the funds of the Franklin Bank.

In his transaction in the stock of the Westbrook Bank, Hathorne, as testified by himself and not contradicted by Dunham, was jointly concerned with Dunham, who was then president of the Franklin Bank. In explanation of Hathorne's transactions in the stock of the Westbrook Bank, and of the item shown among the assets of the bank as a debt from the Westbrook Bank, a transaction was disclosed by Hathorne, and admitted to be correct by some of the directors, which the committee, under their instructions to examine into the doings of the bank and report the results, feel bound to spread before the legislature.

After the Franklin Bank had been made one of the depositories of the public money of the United States,

application was made to the directors by Mr. F. O. J. Smith of the State of Maine, who was then engaged in starting the Westbrook Bank, for a portion of the specie of the Franklin Bank, with the assurance that as soon as an examination of the specie in the Westbrook Bank should be concluded, the quantity furnished by the Franklin Bank should be returned. Specie to the amount of \$14,000 was furnished to Mr. Smith, and after the Westbrook Bank was in operation, the specie was returned by him. But the demands of the Westbrook Bank upon the Franklin, did not stop with the use of its specie. The Westbrook Bank still needed the aid of the Franklin Bank to the same amount; and as the specie of the latter had been counted for the benefit of the former, Smith still desired that the deficiency occasioned by the return of the specie, might be supplied by a blue book to be issued by the Franklin, for the benefit of the Westbrook Bank. This book was issued in the name of Smith by Dunham, in direct violation of the laws of this commonwealth, to the amount of \$14,000, and under circumstances which it is not necessary here to relate. In furnishing the book, Dunham and Hathorne took good care to include in it the payment of their own stock, to the amount of \$20,000, in the Westbrook Bank. The Franklin Bank also furnished funds for the redemption of the bills of the Westbrook Bank, which swelled its indebtedness to a much larger amount than the \$12,000 which were charged to it on account of the bank book. And in the final adjustment of its balance, the Franklin Bank was obliged to receive, at its own risk, of the Westbrook Bank, paper of different individuals, \$1,834.04 of which has not been paid.*

These operations of the bank in its own stock which at least amounted to more than half its capital, and in the numerous fancy stocks of the day, with extensive loans made to its directors and principal stockholders, necessarily involved its concerns in great embarrassment. These embarrassments began to be more severely felt in the autumn of 1836, after Richardson had left the bank, and after \$27,000 of the funds had been appropriated to the purchase of Richardson's stock. Although for more than one year previous to this time, the circulation of the bank, as it appears on the books in a statement of its condition made up for Tuesdays and Fridays of each week, did not vary upon an average for the whole of that period more than two or three thousand dollars from the highest amount which the law permitted, yet this amount, great as it was, did not furnish the adequate means, to enable the bank to meet its increasing liabilities.

A new process was to be resorted to, and that was the issue of post notes. Up to the period when Richardson ceased to be president of the bank the issue of post notes had not exceeded the limits allowed by law, and in no instance had they been issued but in compliance with a vote of the directors. But as soon as Dunham became president it does not appear that a vote of the directors was supposed to be necessary to authorize the issuing of post notes.

On the first Saturday of September, 1836, the day on which they were required by the governor to return to the office of the secretary of the commonwealth, the post notes then out amounted to a little over \$42,600, although the return showed but \$37,500, the precise amount allowed by law. On the 15th day of February following the day upon which Hathorne left the bank, the post notes amounted to \$222,400. During this same period, the liabilities of the bank had been still further increased by the issuing of blue books, certi-

ficates of deposits, and the borrowing of large sums of money upon a pledge of its own bills, but to what amount does not appear by any books or papers examined by the committee, as these transactions do not appear to be entered upon any of the books of the bank.

On the 15th day of February, 1837, Edmund F. Bunnel was made cashier of the bank in the place of Hathorne, in which situation he continued until the failure of the bank in July, 1837. During the administration of Bunnel, post notes were issued by him to the amount of \$241,143, and blue books and certificates of deposits to the amount of \$116,548 more, to which is to be added a further sum of \$22,200 borrowed by the bank on a pledge of its own bills, and at an interest of two per cent. a month, thus making the transaction of the bank in post notes, blue books, certificates of deposits, and the borrowing of money on its own bills in a period of about ten months, amount to \$612,391, without including the books and certificates of deposits issued, and bills loaned by Hathorne during the last four months in which he was cashier of the bank. How great a portion of these post notes, books, certificates of deposits, and bills, were sold by the bank on its own account to enable it to meet its immense liabilities, cannot now be ascertained, as no cash account was kept by either Hathorne or Bunnel during the last eighteen months before the failure of the bank. But from the papers in the bank showing the settlement made with Bunnel before he left, it appeared that the sum of \$35,927.21 was allowed to him on the settlement of his account for the share to which the bank had been subjected on the post notes, books, certificates of deposits, and bills sold on its own account, and that the amount issued by Bunnel and sold by the bank on its own account during a period of about five months, was \$332,200. It was claimed by Hathorne that the loss to the bank on the post notes, blue books, certificates of deposits issued by himself, and the money borrowed by the bank on a pledge of its own bills, was greater than the sum allowed to Bunnel, and that a similar allowance ought to be made to him, and be deducted from the large balance now standing against him upon the statement of the present condition of the bank. The whole amount claimed by Hathorne to be deducted from that balance is between seven and eighty thousand dollars, which sum is made up of extra interest paid upon his stock notes for a period of about three years, and upon the post notes, blue books, and certificates of deposits, and bills negotiated by himself on account of the bank. The committee do not pretend to decide upon the correctness of this claim, but if the rule adopted by the directors in the settlement of Bunnel's account be taken as a criterion, the loss to the bank in interest was at the rate of two per cent. per month.

The great and unparalleled amount of bills in circulation, kept up with most astonishing uniformity for a whole year previous to July, 1836, at a great hazard of the solvency of the bank, the illegal issue of post notes, blue books, certificates of deposits, and the loaning of its own bills, were not the only means resorted to by the bank to sustain its tottering credit.

During the summer of 1836, applications had been made to the secretary of the treasury of the United States, for a portion of the government deposits. The application was not immediately acted upon by the secretary. The Lafayette Bank had been incorporated at the previous session of the legislature, and in the course of the summer had been organized by the choice of its president, directors and cashier, and on the 13th of July commenced its operations. At the commencement of the operations of the Lafayette Bank, \$20,320

* In the Globe of 10th February this statement was denied by Mr. F. O. J. Smith.

of its stock stood in the names of Thomas Richardson, Josiah Dunham, Ebenezer Stevens, Benjamin F. Hathorne, Isaac O. Barnes, Josiah Dunham, jr. and Thomas H. Dunham; the four first of whom were directors and cashier of the Franklin Bank, and of the three last, two were the president and cashier of the Lafayette Bank, and the other a minor son of Josiah Dunham, senior. Before the Lafayette Bank commenced operations, but after the choice of its officers, as testified by Hathorne, and admitted to be true by some of the directors of the Franklin Bank, it was agreed that, inasmuch as the application of the Franklin Bank for the government deposits remained undecided, the Lafayette Bank should also apply for a share of the deposits, and if they could not be obtained by both, that, as the Franklin Bank had first applied, the claims of the Lafayette Bank should not be pressed to the prejudice of the prior applicant; and that if the Franklin Bank alone should receive the government money, the amount should be shared between that and the Lafayette Bank; but in what proportions does not fully appear by the evidence. The Lafayette Bank immediately went into operation, and the specie in its vaults was counted in conformity with the provisions of law.

The president of the Lafayette Bank and one of its directors soon after started for Washington, to press the application of both banks for a portion of the public money. The application of the Franklin Bank alone was successful; and a check upon the Commonwealth Bank, to the amount of \$100,000, was forwarded to the Franklin Bank from the secretary of the treasury. But this addition to the resources of the bank did not furnish it with much substantial relief from its embarrassments. For, as testified by Hathorne, and not contradicted by any of the directors, \$26,000 of this money was applied to the payment of a debt then due from the Franklin to the Commonwealth Bank; about \$90,000 more was appropriated to procure an additional quantity of specie required to be kept in the bank, under the regulations of the treasury department at Washington; and \$20,000 was paid to the Lafayette under the agreement above referred to; and for the balance, they were obliged to wait the convenience of the Commonwealth Bank before it would be paid.

In addition to the gross violations of law by the bank to which the committee have adverted, we also ascertained, that the rates of interest demanded and received upon the discounts made at the bank, were far greater than is allowed by law.

Upon this point we will mention only one instance, which was a transaction to the amount of \$5,500, and upon which the legal interest would have been \$276 08, while the sum actually taken was \$1033 54, making an excess beyond the limits allowed by law of \$757 46. The violation of law by the bank in refusing to take to the office of the secretary of the Commonwealth, a return of its condition on the first Saturday of October last, as required by the governor, induced the committee to examine into the character of its former returns.

The last return of the bank, which was made in 1836, of its condition on the first Saturday in September of that year, was found to be false in several important particulars.

The disclosures upon this point are of so extraordinary a character, that the committee feel bound not only to present a full statement of them, but also of the manner in which they were elicited. At the first meeting of the committee, no testimony was received except from the president, directors, and cashier of the bank. The testimony of the president and some of the directors, attributed most of the present embarrass-

ments of the bank to the mismanagement of Hathorne, the former cashier. He was charged with a direct embezzlement of the funds, and that about two months before he ceased to be cashier, he was detected in a transaction in which he had appropriated \$29,000 of the money of the bank, to a speculation in the purchase of beef and pork, with another individual, and in which Hathorne was to receive a portion of the profits. It was further testified by the president and at least two of the directors, that for three or four months before Hathorne left the bank, they had become satisfied that no reliance could be placed in his integrity—that the books did not show the actual condition of things—that in many important particulars they must have been false—that there must have been an over issue of bills, while the books showed an amount much less than the law allowed—and that one of the directors was stationed in the bank to keep guard of the bills as they should come in, and to place them under lock and key to prevent them from again being put in circulation, by the cashier. It was also testified by the president that he now believes the return of 1836 was false; although at the time it was made, and signed and sworn to by himself and the other directors, he had no suspicion that it was not correct. The character of this testimony bearing so severely upon Hathorne, induced the committee to summon him before them, and furnish him an opportunity, if he desired it, to explain the charges made against him. But before the summons was served upon him, a request was presented in his behalf to one of the committee, for an opportunity to appear before us. At the next meeting of the committee, Hathorne appeared. His testimony, voluntarily given, embraced the whole period of his connection with the bank as cashier, as well as his agency in the purchase of Franklin Bank stock, as detailed in a former part of this report.

He testified that the books of the bank for more than a year before he left, did not show its actual condition—that they were false in all important particulars, and that the return of 1836 was false—that while by the return it appeared that the amount of loan was \$299,284, the actual loan was nearly \$370,000—that while the return showed \$134,207 as the amount of bills in circulation, the actual amount was near \$234,000—and that while by the return as well as the books of the bank the amount of post notes out was given as \$37,500, the actual amount was \$42,000. Hathorne further testified, that this return was designedly false, that it might show a better condition of the bank than was actually true—that he swore to the truth of the return, knowing it to be false—and that the directors who signed it and swore to its correctness, must have known it to be false—that he told them there were more bills in circulation than was indicated by the return—that for more than a year previous to this time, the circulation had exceeded the limits allowed by law—and that this fact must have been known to the directors, as it was frequently the case that there were no bills in the bank, except a few which were so much worn as to be unfit for use.

It should here be observed that each of the directors testified positively that they had no knowledge of the falsehood of the return of 1836, at the time it was made. It should also be observed, that the committee do not consider any fact as proved, unless it is corroborated by other testimony than the oath of Hathorne, who now stands by his own voluntary admission as a witness who has been guilty of wilful and deliberate perjury. That the return of 1836 was false, is not now controverted by the directors, and no attempt was made by them to show that it was correct. The book containing the statements of the condition of the bank,

purports to show its exact condition on Tuesdays and Fridays of each week, and the state of the bank as indicated upon this book, as was testified by one or more of the directors, was read at every meeting of the directors for discounts. Neither of the returns of 1836 or 1835, compares with any statement upon this book at or near the times at which the returns were called for. It was however, suggested to the committee, that as the condition of the bank was called for as it stood upon Saturday, if the return was correct it would necessarily vary from the book containing the statements of the bank, those statements being made up for Tuesdays and Fridays, and that the several items in the returns must have been taken from the entries of similar items in the ledger. But upon turning to the ledger it was ascertained by the committee that there are no entries there which indicate the amount of bills in circulation.

The bills in circulation were always ascertained at any particular time, by counting the bills on hand and deducting them from the whole amount which had been filled up and signed by the president and cashier. The circulation as entered upon the statement of the condition of the bank as made up for Tuesdays and Fridays of each week, must have been ascertained in that manner. But as the returns of 1835 and 1836 of the condition of the bank, were called for, in one instance six weeks and in the other five months previous to the time when the call was made, we do not perceive how it was possible to ascertain the amount of bills in circulation, except by the book containing the statement of the condition of the bank. But the returns vary in all important particulars from these statements, and particularly in the item of bills in circulation. If it was true that at any time there were no bills in the bank fit for use, and that fact was known to the directors, they must have known not only that there was an over issue of bills, but also that the condition of the bank was essentially different from any thing which appeared upon its book. The only item in the return of 1836, in addition to real estate and capital stock which compares exactly with the corresponding item upon the book containing the semi-weekly statements of the condition of the bank, is the entry of \$37,500 of post notes. That item is the sum upon the return and in the book, but it was admitted to be false upon both. That the books did not show the exact condition of the bank from the time of making the last return in 1836, until the failure of the bank in July 1837, and that this fact became known to the directors soon after that return was made, is admitted. The regular books of the bank contain no entries of the enormous amount of post notes, bank books, certificates of deposits, beyond the amount of \$37,500 of post notes, the precise amount allowed by law; the remainder, amounting to several hundred thousand dollars, being entered upon a private memorandum book which was kept in the drawer of the cashier. It was admitted by Dunham and Stevens, that the reason for not entering the whole amount of post notes, books, and certificates, upon the regular books of the bank, was to conceal the illegality of those transactions. It has been stated before that a great proportion of the whole amount of post notes, bank books and certificates of deposits, were sold by the bank on its own account, and the avails applied to its own use.

While therefore the avails of these transactions were received by the bank and applied to its daily use, and at the same time the immenso liabilities against it were not entered upon its regular books, it is manifest that the books of the bank, for the last eight months previous to its failure, contained no correct account of its most important transactions; and it is not pretended

by the directors that this state of things was not fully known to themselves. In addition to the transactions of this bank which we have detailed, we feel bound to bring to the attention of the legislature another practice, which if it be not a direct violation of any particular law, is yet worthy, in the opinion of the committee, of the attention of the legislature. We allude to the practice of loaning its specie to other banks to be counted as part of their capital at the commencement of their operations, and then to be immediately returned. It was admitted by Dunham that the specie of the Franklin Bank had been counted as part of the capital stock, at the commencement of their operations, not only of the Westbrook Bank, as is stated in a former part of the report, but also of the Chelsea, Lafayette and Roxbury Banks. In the case of the Roxbury Bank he admitted that the specie of the Franklin Bank was carried by himself to the Roxbury Bank and counted by the commissioners in his presence as part of the capital of that bank, and on the same evening was returned by himself to the place from which it was taken.

The foregoing statements relate to the transactions of the bank before its failure in July, 1837. But this committee also feel bound to bring to the notice of the legislature some of its transactions since its failure.

Upon the 22d day of September, 1837, the following vote of the board of directors was passed:—

"Voted, that the cashier be authorised to receive from the delinquent debtors post notes, bank deposits, and bills of the Franklin Bank, in the payment of their notes and checks, and that all collaterals be given up to them upon the payment of their respective notes and checks in the liabilities of this bank—and the South Boston India Rubber Company have the privilege of paying their debts to this bank in the same manner."

At a meeting of stockholders held January 3d, 1838, the following vote was passed:—

"Voted, that the directors are authorised and empowered immediately after the passage of this vote to receive in payment of all debts due to the bank from individuals either as promisors or endorers, any liabilities of the bank,—also to receive from said debtors, when tendered within fourteen days from this date, their note or notes payable in such liabilities. The amount or amounts of indebtedness to be made up, with interest to date, and the old obligations relinquished on settlement as above."

The stockholders do not seem to have been unanimous in the passage of this vote. It was finally carried, principally by the votes of those who were interested in consequence of their large indebtedness to the bank. Under the vote of the directors it appears that between that time and Jan. 12th, 1838, \$63,653 84 of the debts of the bank were paid in Franklin liabilities, and a large portion of those debts from directors themselves.

Under the vote of the stockholders it appears that notes to the amount of about \$90,000 have been taken, payable in Franklin Bank liabilities in exchange for the original notes held by the bank. Upon most of the notes thus exchanged, some one or more of the directors were liable as promisors or endorers, except a large debt of about \$43,000 against the South Boston India Rubber Company; and as several of the directors are members of that company, and as the individual members of that corporation are liable in their individual capacities for its debts, the interest of the directors having that debt paid in Franklin Bank liabilities was equally as great as if they had been promisors or endorers.

Before closing this report the committee ought to observe in regard to Mr. Josiah Dunham, that although he has been president of this bank since August, 1836,

that he can neither read nor write, except that he can write his name. This fact was introduced by Mr. Dunham as a circumstance tending to show that he could not have any very accurate knowledge at the time of many of the illegal transactions of the bank, and particularly of the incorrectness of the books.

The only comment which the committee deem it necessary to make upon the facts disclosed by their investigation is, that there is scarcely a provision of the charter of this bank which has not been deliberately and repeatedly violated. And that as the corporation were duly notified to appear before the committee to show cause why their charter should not be declared forfeited, the committee report the accompanying bill declaring the charter of the Franklin Bank to be forfeited and void.

The committee take much pleasure in acknowledging their obligations to Mr. Charles Hickling, the present cashier of the bank, for the promptness with which he furnished them with all the information within his knowledge, and the aid which they derived from him in the prosecution of their investigation. Mr. Hickling was first employed by the bank during the past summer, and after the failure of the bank, to ascertain as far as could be done from the books, the condition of the bank, and subsequently was made its cashier. And we would also observe that there is nothing in any of the transactions of Hickling in connection with the affairs of the bank, in the least inconsistent with the most perfect propriety of conduct.

Submitted by order of the Committee,

L. CHILD, Chairman.

DOMESTIC INTELLIGENCE.

STATE LOAN.—The Ohio Life and Trust Company have taken the state loan of Ohio for \$750,000. Eight and three eighths per cent. premium was paid for it.—*Cia. Daily Gaz.*

MORE SPECIE.—The Francois First, at New York, brought out 666,000 francs in gold.

MERCHANTS' BONDS.—We understand that the last remaining bond for duties has been paid at our custom house. This, at a period that there is so large an amount due the government for duties lying over unpaid, in some other cities in the Union, is highly creditable to the integrity and punctuality of our merchants.—*Charleston Patriot.*

NEW BANKING FACILITIES.—The Cincinnati Gazette of the 24th inst. says: "It will be recollected by the reader, that a short time since was published a letter from New York, stating that John Jacob Astor and J. Delafield, Esq., had associated themselves under the late law of New York, on the subject, for the establishment of a new bank. This bank appears to be the only one which under that law has yet gone into operation. We have seen a bill drawn by J. Delafield, Broker, 14 Wall street, New York, payable at the Banking Office of Delafield & Burnet in this city, where they are redeemable by other paper or specie: We understand that arrangements are in progress for their receipt in various banks in the west."

BANK OF COXSACKIE.—The citizens of this enterprising town have associated under the general banking law, and agreed to start a bank at Coxsackie Landing, with a capital of \$100,000, under the designation of "The Bank of Coxsackie."

BROKEN BANK.—The Old Town Bank, Orono, Me. has failed. Its credit has not been good for some time,

but we fear that many of its bills are in circulation, which are of but little value.—*Boston Mer. Journal.*

THE ORONO BANK.—We learn that but a few days ago the brokers in this market, and all other persons who would receive it in any way, were abundantly supplied by the bills of this bank, of a new emission, evidently just signed by the officers and issued from the bank. We trust these and sundry other such like occurrences will be remembered, when the operation of the general banking law comes to be more severely criticized, and compared with banking by special and particular corporations.—*Jour of Com., Aug. 31.*

The Detroit Post states that the Sabine Bank has made an assignment—its securities are said to be good.

LUMBERMAN'S BANK.—The last Fredonian Censor speaks confidently of the success of the arrangements making to restore the credit of this institution. That paper thinks that within sixty days the bills of the bank will be in good credit. They are received now at par, by at least one merchant in Fredonia for goods.

The editor of the St. Augustine Herald has been prosecuted by the Southern Life Insurance and Trust Company, for having reported a sale of \$2000 of the bills of that company, made by auction in St. Augustine at 61 to 43 cents per dollar, and having said that he had been "informed by a number of gentlemen that it was a bona fide sale at the prices quoted." The company laying their damages at \$10,000.

We are happy to see it officially announced, that the Exchange Bank of this city has resumed specie payments. Although we have not seen similar notices from other banking institutions in the state, we presume a general resumption took place on the 13th, as agreed upon at the late bank convention at Philadelphia. We have never for a moment doubted the ability of our banks to pay specie for their notes, or their readiness to do so whenever a disposition to co-operate was manifested by neighbouring institutions; and their accommodating spirit during the suspension, was convincing proof that they were actuated in their measures by a sincere desire to benefit the community.—*Hartford Courant, Aug. 18.*

TIME NOTES.—It is high time now, that no more bank bills should be issued payable at a future date, and we think every body will join us in condemning the Delaware and Hudson Canal Company for perpetuating these issues, after what has already been said upon the subject. We have seen \$5 and \$10 notes of this company payable in six months, dated August 1st, 1838. The bills we saw had been palmed off on a Dutch baker, who could not read well enough to discover such niceties as the manuscript filling-in of "six months." Notes of this sort, we were told some time ago, had been issued for the convenience of paying off the workmen on the canal, and for that purpose we presume, they are now issued, for the convenience of the bank of course,—not of the workmen,—for notes payable on demand would answer their purpose.—*Jour. of Com., Aug. 16.*

MICHIGAN.—Governor Mason has refused to call an extra meeting of the Legislature of Michigan, for the purpose of chartering a great state bank, or the issuing of a new state loan of three millions of dollars, as indicated in the request of those who addressed him in favour of such a movement. He says the state is already in debt to the amount of five millions and over, and a state bank, or even the loan, would not afford the immediate relief required by the times, if such relief were not otherwise objectionable. He says:

"All expedients for creating additional banks, for

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, SEPTEMBER 19, 1838.

No. 13.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT LAW.

(Continued from page 168.)

CHAPTER XXIV.

Opinions of Mr. Tooke with reference to the projects of making the Bank of England paper a legal tender in the country—Of having only one bank of issue in the metropolis—Of obtaining security for the conduct of the bank—And of publicity of accounts—His views with respect to Joint-stock banks, branch banks, one-pound notes, the payment of the dividends, and a state paper currency.

I. LEGAL TENDER.

The proposed plan of making country bank notes payable not in specie, but in Bank of England paper, would be attended with convenience; [Tooke, 5,375 to 5,389,] and although there might be objections to it, they do not appear to be of sufficient weight to stand against the consideration of the advantages which would arise from such an arrangement. One of the consequences doubtless would be, that the Bank of England notes must then be made a legal tender generally, but not on the part of the bank. That, however, would be no evil in itself, provided the issues of the bank were under proper regulation, and subject to the check of constant publicity. Another consequence of such an alteration would be, that it would reduce the quantity of gold specie held in reserve by the country bankers; but it would have no effect of that sort upon the Bank of England; the bank would still be obliged to hold a proportionately large stock, in order to meet that part of the demand from the country which could be satisfied only by coming direct upon its coffers.

At the same time, if such a measure were carried into effect, it would be desirable that the branches should exchange all Bank of England notes, whether branch notes or not, for specie, upon presentation. Increased facilities ought to be given for that purpose; and it might be necessary, with a view to

those facilities, to multiply the branch banks through the country. It would not be right that the holders of Bank of England notes, taken in exchange compulsorily for local country notes, should be obliged to come or send to London, as the condition of their getting such notes converted into coin.

It does not follow that if bank paper were made a legal tender in the country, and exchangeable for specie only in London, the mere inconvenience and liability to expense of transmission, would reduce that paper to a discount in any part of the kingdom. Nothing of that kind appears to have ever taken place, even in a time of panic, in Lancashire, where, previous to the establishment of the branch banks, there was a large circulation of notes of the Bank of England, which were of course at that period convertible into gold only in London. But still it would, on the whole, be preferable, that, under the circumstances stated, the notes of the bank should be exchangeable in the more immediate neighbourhood of the country holder, at branches established for that express purpose.

II. ONE BANK OF ISSUE IN LONDON.

The existence in the metropolis of a bank of undoubted credit, such as the Bank of England, or any bank properly conducted, is of great advantage to commerce. [Tooke, 3,860 to 3,869.] The assistance, however, which the Bank of England gave to merchants at the close of the year 1825, although the event justified the measure, can hardly be considered as consistent with principle in an institution professing to pay its notes in coin. It was a measure altogether empirical, but it succeeded. It is not easy to conceive a state of things in which, without previous misconduct in the bank and the banking establishments generally, the commerce of the country could have needed any such assistance. The only case for it would arise out of the usury laws. Had those laws not been in existence, the circulation ought not to be connected with any attempts at assisting commerce, if that assistance can be rendered only by enlarging

the issue beyond the amount which the circulation might otherwise have required. If the embarrassments which arose in 1825 had continued, the bank must have stopped payment; a restriction would then have taken place, and meetings of the merchants declaratory of their disposition to take bank notes, and all that followed the former restriction. The metals, however, were on the point of flowing in, and did in fact soon after flow in very largely; so that the pressure, though severe, would have been only momentary.

If, at the period in question, the bank had refused to give accommodation, and had endeavoured merely to reserve its own bullion, without attending to the distress of the mercantile classes in the metropolis, the consequences would have been felt chiefly in further depression of the public funds, and in a severe commercial embarrassment: but it is difficult to see in what way the general resources of the country, or its trade, would have been thereby substantially affected. There would have been an enormous aggravation of private distress, but it could, in the nature of things, only have been of the shortest possible duration. That distress would have been a matter of sympathy with the individuals, but the general resources of the country would not have been impaired by it. There would have been no alteration in the aggregate quantity of commodities, or in the amount of capital, although the distribution would have been temporarily deranged.

But although the Bank of England, on that occasion, departed from its rule of safety, that is no reason why other banks of issue should be founded in the metropolis. There is no more reason for the establishment of two or more banks for the coining of paper for the capital, than for the erection of two or more mints for the coining of metals. The inconvenience of such establishments might not be very considerable: but to whatever extent it might proceed, it would be perfectly gratuitous. Each of the two banks would either, if they were in competition, try, by extended accommodation, to increase their issues, when the demands of the circulation did not really justify it; or they would, if they were acting in concert, only between them grant the same accommodation, and issue the same quantity of paper, with the same proportion of reserves. In the former case, there would be a fluctuation of enlargement and contraction beyond the occasion, and an increased danger of eventual suspension; in the latter case, there might be no particular inconvenience, but neither would there appear to be any possible advantage. If, in 1824 and 1825, two or

more rival banks of issue had existed in the metropolis, and had not been liable to the sanction of publicity any more than the Bank of England was, the chance is that they would have equally mis-conducted themselves under similar temptations, and there would then have been a certainty of a suspension of cash payments.

[3,887 to 3,894] Indeed, one source of issue for the whole kingdom would be preferable to many, but for the difficulty of the details. As matters now stand, however, there would be a great public inconvenience in unsettling the system of currency already established for many years in the country. If the system were to be commenced *de novo*, it might perhaps be a matter for consideration whether advantages would not be gained by having another bank of issue in the metropolis. Yet certain advantages, even if they were apparent, would be no compensation for the inconvenience likely to be produced by a change to an untried state, from a beneficial state of things already in operation.

III. SECURITY FOR THE CONDUCT OF THE BANK.

It would not be expedient for the government to interfere in determining the proportion of bullion that should be kept in reserve by the bank against its liabilities; [Tooke, 5,415,] it would be sufficient if, by a regular publication of the state of its affairs, it were under the constant check of public opinion. There might be circumstances in which the treasure might be reduced below the usual proportion, and, upon some extraordinary emergencies, considerably lower; but, at the same time, there might be, upon a full view of the state of its affairs, a most clear conviction in the public mind, that the circumstances were of so temporary a nature, that a reflux of the bullion would take place inevitably and speedily, and that, consequently, there was no ground for alarm. [5,431.] But if it should ever happen that the bank should, from a want of adequate provision, suffer its coffers to be drained of specie, it ought then, as a further measure of security, to be rendered liable to pay interest beyond the legal rate* for such suspended payments. A

* A provision of this kind appears to be established with reference to some banks in America. Mr. Gallatin, in his elaborate work upon the currency and banking of that country, states that "one of the most efficient securities afforded by the state laws against imprudent issues of notes, is found in that of Massachusetts, by which banks are obliged to pay interest, at the rate of twenty-four per cent. a year, on all notes

penalty, of that kind, added to publicity, would induce the bank to act with extraordinary caution, and would probably reduce the period of suspension to a few weeks.

IV. PUBLICITY OF ACCOUNTS.

[Tooke, 3,871 to 3,878] There can be no check against the occasional mis-management of the bank so effectual as publicity.* It might possibly be attended occasionally with inconvenience; but that would be a very trifling consideration as opposed to the inestimable advantage of the additional security which it would afford. A knowledge on the part of the directors of their being liable to have the amount of the treasure canvassed by the public, is the best safeguard, and the only one, that can be devised against it being reduced below its just proportion. A bank situated like that of the Bank of England issuing paper money, payable on demand, and having to supply upon emergencies the wants of all other banks of circulation in the country, cannot be considered perfectly safe with a treasure much less than half of the amount of its notes in circulation; and if it were subject to a publication, periodically, of the amount of its treasure, it would, and easily could, so manage as to have whatever might be considered a sufficient reserve existing at the time when the publication took place. It would be most desirable to have the account up to the latest possible moment; but if that were determined to be inexpedient, it would be still eminently useful to get it for some recent anterior period; even that would go a great way towards affording the requisite security. The conduct of the bank would then be open to the exercise of public opinion. The consciousness which the directors would feel, that every part of their management was liable to be canvassed upon a real knowledge of all the facts, would operate as a considerable and beneficial sanction.

[3,896 to 3,899] The management of the bank has certainly been very judicious during the last few years; nevertheless, as that management is liable to change with the individuals more immediately connected with the principal functions of the establishment, it would be liable again to such deviations as have already occurred, unless there were a

constant check arising from the control of public opinion, exercised upon a knowledge of the mode in which the affairs of the bank are conducted. As to the inconvenience supposed likely to be produced by publicity, it would not be at all important. Speculations upon conjecture, and upon incidental information, would be much more dangerous than accurate acquaintance with the fact. If the bank were in possession of such an amount of treasure as it ought to have, speculations can do it no harm. As to the occurrence of any material reduction of the bullion, that is precisely the state of things against which publicity would be intended to guard, by causing notes to be constantly suppressed as the demand for gold rises, or, if necessary, in a greater degree.

[3,895] The improved experience which the directors of the bank seem to have acquired in the management of their issues, needs only the addition of publicity to render the present system nearly perfect. [3,918.] There is no doubt that, even without that security, such a lesson as the administrators of the currency received in 1825 and 1826, is calculated to influence the practice of banking for some years. Generations, however, do not always act upon the experience of their predecessors. There are periods of confidence in which all ordinary maxims of prudence are neglected, and then the probability is, that the individuals managing a paper currency would participate in it. All banking is, from its very nature, liable to abuse; and the best guarantee that can be obtained for the due regulation of the currency, [3,918.] both in London and the country, will be found in publicity. Unless some positive inconvenience was shown to arise from the disclosure, every issuer of paper money ought to satisfy the public that his circulation is prudently conducted. There is no question that the public have a right to require it, inasmuch as the privilege of issuing paper money is a delegation of that which is universally considered as a privilege residing in the state. [3,921.] It would be conducive to the general safety of banking business, if, in addition to their circulation, the country establishments were to publish also the amount of their immediately available assets; if it were matter of constant practice, it would never be attended with any insecurity to the banker.

V. VIEWS WITH RESPECT TO JOINT-STOCK AND BRANCH BANKS.

[Tooke, 3,945] Considering the principle upon which joint-stock banks are constituted, it is probable that, upon the whole, they would

or deposits which they may neglect or refuse to pay in specie on demand. A similar provision, but at the rate of twelve per cent. has been enacted by the State of Louisiana, and is also inserted in the charter of the Bank of the United States."

* See Appendix I. for the practice of American banks in this respect.

present greater security against such a banking crisis as occurred in 1825-6 than any system of circulation conducted simply by the competition of private individuals. At the same time, if it were not for the greater unwieldiness of the machinery, [3,947,] which is already as much as any set of directors are likely to manage correctly, the branches of the Bank of England would be preferable to joint-stock companies, for the management of the interior circulation.

VI. ONE-POUND NOTES.

[Tooke, 5,390] No reason can now be stated as justifying a return to the circulation of one-pound notes which did not exist in 1826, when they were finally prohibited.* Such a circulation, if it were again to exist, would certainly endanger, upon the occurrence of a panic, the convertibility in a greater degree than would be the case in a currency consisting of a large proportion of coin. A small note circulation has the further disadvantage of being that part of the currency, which is most apt to expand under circumstances favourable to an extension of credit, and to a rise of prices; and to contract under the opposite circumstances; and, consequently to entail a greater fluctuation both of credit and prices. Nor can there be any doubt, that the intensity of a run, in case of a panic of any kind, would be very much increased by a small note circulation. For instance, upon such an occasion as occurred in May 1832, when there was a great deal of political excitement, the demand for gold would have operated with much more rapidity and violence than it actually did, if the small note circulation had been continued.

One valid reason, amongst others, for preferring a metallic to a small note currency, was stated in a petition from Manchester, presented in the year 1826 to the house of commons, namely, that in times of bad harvest it forms a reserved fund with which the country can pay for the imports of corn at such periods. There can be no question, that in proportion as the quantity of metals circulating through the country is greater in relation to the paper, in so far will any drain for any purpose be supported with more efficacy, and for a greater length of time.

VII. PAYMENT OF THE DIVIDENDS.

Mr. Tooke having been asked, [5,437,]

* That is to say, prohibited to be issued after February 1833.

whether it would be advantageous to make a portion of each of the three per cent. stocks payable in the intermediate periods, so as to have in the whole eight payments of dividends in a year instead of four, answered, that such an arrangement would certainly be desirable, had not a practice substantially similar been already adopted by the bank, which advances money upon government securities at a moderate rate of interest, in the interval preceding the quarterly payment of the dividends. That practice has had a very beneficial tendency.

VIII. STATE PAPER CURRENCY.

[Tooke, 3,933] If at any time the cash of the Bank of England were to be completely drained, it might be a question whether, in that case, the credit of the country would not stand upon a better footing, if the government were immediately to have recourse to the issue of paper under the sanction of parliament. If there were any real apprehension of the failure of the treasure of the bank, [3,936,] it might be advisable that machinery should be in preparation by which exchequer bills should be divided into small sums of issue for the purposes of currency. [3,937.] But if they were not made payable to the bearer, and convertible into gold, the public would not take them unless at a discount, or unless they were made a compulsory currency. It would at best be a cumbersome sort of expedient. [3,938.] It might, however, be adopted for a limited period of time, if rendered absolutely necessary by the supposed emergency, although, in effect, there would be no difference between the issue of such a paper and a legal suspension of cash payments. [5,425.] Of the two alternatives, the latter would, perhaps, be the less objectionable, inasmuch as, if the government were once in the habit of issuing such paper, [5,428,] the inducement to continue it, or again to resort to it in times of difficulty, would be irresistible.

[5,934] Had it not been for the danger of making the circulation subservient to purposes of finance, all paper money ought to be issued by government, just upon the same ground that coin is issued as the exclusive privilege of the state. [5,412.] But there would be no possibility of providing such guards and checks as would prevent, what we have invariably seen in the case of all government paper money hitherto, the issue from being made directly subservient to fiscal operations, and consequently liable to infinite depreciation. [5,413.] If the government were to

issue paper money, it would be obliged to undertake all the detail of that department of the banking business, which consists in providing specie for the payment of its paper when presented. [5,414.] If a company were to undertake it, the government might fairly require a participation in the profits which arise out of the issue of paper currency.

CHAPTER XXV.

Opinions of Mr. Grote with reference to the projects of making the Bank of England paper a legal tender in the country—Of having only one bank of issue in London, and of publicity of accounts—His views with respect to one-pound notes, and a state paper currency.

I. LEGAL TENDER.

[Grote, 4,685 to 4,718.] If country bank notes were made payable in Bank of England notes only, it would unquestionably operate to save a great drain for gold upon the bank in times of commercial discredit, when especially country bank paper generally is liable to a certain degree of suspicion. It would have the effect of diminishing the quantity of gold now kept by country bankers, as no more would than be retained than would be required for the purposes of circulation in the absence of notes under five-pounds. As far as regards the constant wants of the circulation, however, they would still be obliged, for the convenience of their customers, to retain a sufficient stock of gold to supply them. But if they were at liberty to make their notes payable in Bank of England notes only, they would be protected from the obligation to furnish such gold at times when it would be wanted, not for the general circulation, but only as a substitute for their own suspected paper. Under these circumstances, the drain upon the bank treasure would not be near so great as if they were compellable to exchange their notes for gold.

As to the supposition that a country banker might then demand a premium upon the gold which he might issue in payment for his five-pound notes, the legislature might trust to the effects of competition for preventing any undue exactions of that sort, and for securing a sufficient supply to any person who wanted gold for ordinary purposes. In the event of alarm or discredit, country bankers would of course be enabled, under the suggested alteration, to resist payment in gold; but it cannot be imagined that they would decline accommodating their customers in an ordinary state of circumstances, assuming the demand to be to a reasonable extent. The system here proposed should, however, be reserved only

for times of peculiar pressure; and the practicability of the change must depend altogether upon the temper of the population, and upon their being willing to take the Bank of England notes. In Lancashire, where there is no local note circulation, and where the Bank of England paper is universally used, very little mistrust has arisen at periods when it prevailed extensively elsewhere. It might be reasonably inferred that a similar feeling would exist in other parts of the country.

II. ONE BANK OF ISSUE IN LONDON.

[Grote, 4,768 to 4,770] No benefit could be derived, but, on the contrary, there would be a considerable chance of evil, from a multiplication of joint-stock banks of issue in the metropolis. If there be only one bank of issue, the circulation must be considered as a whole, which would be impossible if it were to be distributed amongst six, or eight, or ten banks. With one bank of issue only, supposing that bank to be placed under the control of publicity, the country has a much better security for the circulation being administered upon fixed principles, and enlarged or contracted with a constant reference to the foreign exchanges, than it would have if there were a variety of issuing companies. No one among these competing banks would be either able or willing to measure its own separate issues, with reference to that total of circulating medium which might be proper for the kingdom at the moment. Each bank would study principally the means of increasing its own part of the circulation, and would be tempted to extend its issues, not at the time when it might be desirable for the circulation generally that they should be extended, but at any time when there was a prospect of unusual profit, or of acquiring new connections, taking the chance of being able to supplant the notes of other banks. The temptation to over issue, if there be many issuers, is greater than where there is only one; the competition between them would lead each to be more liberal in its advances during any period of excessive speculation. A certain circle should be drawn round London within which no joint-stock bank of issue should be permitted to erect itself; but whether the radius should be sixty-five miles, is a question that requires consideration. As to the prohibitions against joint-stock banks established beyond the prescribed distance, drawing upon London for sums under 50*l.*, and making notes payable there on demand, Mr. Grote is of opinion that they ought to be continued.

III. PUBLICITY OF ACCOUNTS.

[4,600 to 4,683] Mr. Grote is also of opinion that a more complete publication of the affairs of the bank than has been hitherto permitted, would be especially necessary. He thinks that the public are kept too much in the dark as to the management of the bank, and that fuller communications on this subject would be beneficial to all parties. If the bank were to publish, at frequent and stated periods, such documents as would afford a complete insight into their affairs at each time of publication, they would be compelled to lay down some uniform,* definite, and intelligible rule for determining the fluctuations in the amount of the circulating medium, and to adhere to that resolution without deviation. The public, on the other hand, would understand the rule, and would be prepared beforehand for its operation, so that their anticipations would be properly adjusted to the real sequence of events, in this important department. It is quite essential that the accounts to be published should include the amount of the bullion. Unless the public were made acquainted with the store of bullion existing in the bank, at each of the periods of publication, no full, true, or satisfactory idea could be formed by them of the actual condition of the bank, or even of the real amount of circulation, the reserve of bullion being always to be taken as a deduction from the nominal amount of notes out at the time.

Publicity would enable the directors to resist solicitations upon the part of government, assuming that those solicitations were improper to be complied with. Coupled with prudent management, it would also be the most effectual protection which could be afforded against drains. Of course, it is possible to imagine a case of such wide spread antipathy and alarm, that the bank may be exhausted of their gold under any system: but it would be much less likely to happen when the public are at all times, in periods of quiet and prosperity as well as in those of agitation and distress, fully acquainted with the management of the bank, and with all the particulars of their actual and comparative condition. If the public were put in possession of complete accounts from time to time, they would acquire a sober and settled habit of apprehending that establishment as it deserves, and that habit would still continue, even if at any par-

ticular juncture there were a decrease of the stock of bullion compared with what it had usually been.

It has been suggested, that large capitalists, speculating on deriving advantage from distressing the bank, might obtain facilities for the accomplishment of their object from the publication alluded to. But under the present arrangement, it may always be easily known by inquisitive persons when the treasure of the bank is low; and though they may not be able to get at its exact amount, they may gain sufficient information for their purpose, if any such purpose they could hope to realise. The danger, therefore, would not be increased in that respect by publicity; on the contrary, the general alarm which such a design could not fail more or less to create, would be very much mitigated by the established habits of judging, which publicity would implant in the mind of the community. They would be less affected by even the greatest temporary inconvenience which could be brought upon the bank, if they were in the constant habit of receiving official reports, enabling them fairly to understand all the fluctuations in its affairs.

Publicity would contribute materially to prevent the recurrence of such a crisis as that which occurred in 1825. If the bank accounts had been published in 1824 and 1825, the directors could not have been imprudent enough to maintain, in the face of exchanges unfavourable to the country for some months, an increased amount of issues. They would have been compelled not only to abstain from increasing their circulation, but to begin the contraction of it at an earlier period; and had they acted in this manner, the commercial revulsion at the close of 1825 would have been less extensive and calamitous than it actually was. Even in case of a run upon the bank from political excitement, publicity would tend to prevent persons possessed of property in public securities from converting that property into bank notes, in order to demand payment for them in gold. They would be then aware, that at such a period (assuming a drain to have commenced) the bank would be under the necessity of selling a portion of their productive securities in order to check the drain, and that this operation would have the effect of lowering the price for others to sell at the same moment.

A retrospective publication of the accounts of the bank, after an interval of three or six months, would be better than no publication at all; but it would not have the effect of conveying to the community that full assurance and satisfaction which would be one of

* Mr. Grote states, in another part of his evidence, that he knows of no other suitable test for the bank to be guided by than the foreign exchanges.—4,645.

the eminent benefits of present publicity. A weekly publication would be preferable to any other.

In the existing state of things, there is in the public mind a general ignorance, as well as a consciousness of ignorance and an absence of all settled habits of reasoning, with reference to the affairs of the bank. There is at the present moment no want of confidence; nevertheless distrust is easily excited; and in a period of distress and alarm, it would be much more easily created than it would be under a system of continuous publicity, when the real condition of the bank could not be either mistaken or misrepresented. The want of confidence which is usually generated at such a period, does not arise from any positive ground of apprehension. If any person actuated by that feeling were questioned as to the cause of it, he probably would not be able to explain it very correctly; but he would, nevertheless, yield to his fears, and they would lead him to go and present a note to the bank for payment. It is of the essence of that mistrust which proceeds from want of information, to be vague and undefined. Now, if publicity were to take place, confidence would be increased at all points—confidence in the convertibility of the bank paper on demand, confidence in the general good management of the establishment, and confidence in its being regulated upon some uniform and systematic principle, of which at present the public know nothing. They would, if the accounts were regularly before them, watch the conduct of the bank during quiet and flourishing periods; and their opinion respecting it would be so fully settled during those times, when their judgment would be secure and undisturbed, that it could not be easily shaken if causes of agitation and alarm were to supervene.

It is possible, that upon the first publication of the amount of bullion in the hands of the bank, assuming the stock not then to exceed the usual proportion of one third of its liabilities, some degree of alarm might be excited in the minds of the public by that statement, although to persons at all acquainted with banking affairs it would be perfectly satisfactory. But even if that were the case, it would be no reason against publicity. If the public at this moment believe the bank to be a bank for the deposits of bullion, similar to the banks of Amsterdam and Hamburg,* and that Bank of England notes are bullion notes, representing an equal amount of gold in the vaults of that establishment, the sooner

they are disabused of such an error the better. Preparation should be made for showing them that even in prosperous times there is no more bullion in the coffers of the bank than is adequate to discharge one third of its liabilities. If the public were familiarised with this idea, they would perceive that they are not much better secured in seasons of prosperity than in those of alarm; that really there never is, even at the most flourishing period, bullion enough in the bank to meet more than a certain proportion of its notes; that there is always, even when bullion is low, something amounting very nearly to the like proportional security; and that the bank is never more than provided against what may be considered as the probable and reasonable demands of the actual moment.

If a drain were to commence upon the bank from political causes, it is not at all probable that it would be increased by a continuous publication of the exact amount of stock. The state of that stock becomes rapidly notorious at a season of alarm, and that notoriety would be quite sufficient to occasion as heavy a drain as a regular promulgation of the accounts could possibly do. The treasure of the bank is never unusually low, excepting when there has been a state of considerable contraction of the currency and distress for money, so as to excite a great deal of talk every where. That distress is chiefly felt among the smaller traders, who form the body of the London public, and who are always the first to suffer by a reduction of the circulating medium. Reports of diminished treasure in the bank are pretty sure to be widely circulated at such a moment, and readily credited.

A strong distinction should be taken between a continuous report of the accounts of the bank, and a solitary official announcement of a reduced state of their bullion at a period of alarm. The conduct of the bank in relieving commercial distress towards the close of 1825, was liberal and daring; but it was judicious and proper also, because they certainly did very great good, although they ran the hazard of a suspension. Under a system of uniform publicity they would have been enabled to render that assistance, had it been required, with much more safety to themselves and to the public, because it would have prevented them from extending their issues during the months anterior to the distress, when the commercial world was in a state of artificial excitement, when the foreign exchanges were against them, and when gold was already departing from the country, so as to afford evidence that the circulation was already redundant, without any increased issue

* See Appendix I.

on their part. But if at the crisis alluded to, the stock of the bank had been suddenly divulged, never having been published before, there might undoubtedly have been an increased alarm produced in the public mind. Even without publication, the state of the treasure was notorious enough; but the official report would have sanctioned the previously current belief.

"You are, of course, as a banker," asked a member of the committee, addressing himself to Mr. Grote, "deeply interested in the commercial prosperity of the country; consequently, any considerable run upon the Bank of England, disturbing the circulation, must be injurious to you; would you, as a banker, feel any alarm if it were decided that the accounts of the Bank of England should be continuously published?"—"Not only," replied the witness, "should I feel no alarm, but I should conceive that a better security had been provided than now exists against the drains which at intervals must more or less assail the bank for bullion. I should conceive that such drains were less likely to occur under a system of continuous publicity than they now are."

"And should you feel no alarm for the immediate effect which might follow the publication of the affairs of the bank?"—"I should feel no alarm whatever."

"You are probably aware that in May last there was a considerable draft upon the treasure of the Bank of England, and the consequence of that demand was, that the cash of the Bank of England became unusually low; do you think, if the amount at the time had been published (that demand arising from political causes,) the publication would not have created a material inducement to withdraw the whole of the treasure of the Bank of England that remained?"—"If you suppose that a certain number of the population enter into a sort of conspiracy against the Bank of England, totally unconnected with any alarm as to its solvency, or any pressure of commercial distress, and if that conspiracy were carried to a great extent, of course it might drain the bank, whatever might be its stock of bullion, and whether declared or not declared. But it does not appear to me, that there would be any increased motive or facility for carrying on such a conspiracy arising from the fact of the stock of bullion being officially proclaimed to the public, as compared with the exaggerated reports which would of course be current under such a state of things, that the stock of bullion had been materially reduced, and was at that time considerably below its average amount. Such

reports are the necessary accompaniments of a drain upon the bank, arising from the wide spread feeling supposed to be in operation against it, and they would tend quite as much to the encouragement of the conspirators as an actual communication of the exact stock of bullion in the bank would do. On the other hand, I would observe, that publicity even in that case would be beneficial in this way, that it would materially tend to prevent parties not concerned in the conspiracy from applying to the bank under different feelings, merely from blind and unthinking alarm, at that particular moment; they would be better guarded against artful misrepresentations of the condition of the bank, and against any undue mistrust of it, by the previous habitual publicity of its affairs; and therefore a drain upon its treasure, arising from political causes, would be less aggravated by undefined alarms from other sources. I would also beg to observe, that in that continuous series of reports which I propose, there would be included the stock of notes and deposits on one side, constituting the liabilities of the bank, and the stock of bullion and productive securities on the other, constituting the assets of the bank; so that, when any reports exhibited the stock of bullion as being diminished, it would also exhibit a corresponding diminution in the notes and deposits on the other side. Now, under the present system, when reports arise, and the stock of bullion in the bank is unusually low, those reports seldom advert to the almost inseparable fact, that at the same time the notes and deposits of the bank are unusually low; therefore, persons under the present system are unduly affrighted by looking altogether to reports about the low stock of bullion, without taking into consideration that the liabilities of the bank are at the same time unusually small also. But in the series of reports I have been describing, those two facts will always be brought simultaneously, and in the same paper, before the eye of every man."

An unreserved communication of the affairs of all private banks of issue would be an additional benefit to the public, and would be of eminent service in assisting the bank to judge of the drains likely to ensue upon their coffers from disturbance in the country circulation. Every banker who issues notes payable to bearer on demand, becomes a dealer with the public in general. His responsibility must be trusted by unassignable individuals, with whom he has no specific connection, and who have neither time nor opportunity to investigate his circumstances; and he may therefore be justly called upon to furnish peculiar

security in the way of publicity. There is no reason why banks that are not banks of issue, but merely of deposits, should be required to divulge their accounts, because they deal only with specific individuals, and have no trust reposed in them by the general public. If the accounts of the country banks of issue were withheld, the Bank of England would be deprived of a most important piece of information with reference to the regulation of their own issues, and would be compelled to keep a greater average reserve of bullion, as a general protection against drains from the country, the probability of which they would have no means of accurately ascertaining. The difference which the want of that publicity would make with respect to the bank, would be determined by the increased store of bullion which they would be obliged to reserve against the unknown provincial demand to which they would be exposed; but it would be no good reason for a similar want of publicity on the part of the bank. That publicity would still be productive of much benefit, though not by any means so great as if full accounts were returned by all establishments engaged in the issue of paper money. It would enable the private bankers to manage their own affairs better; it would inform them when they might expect a contraction or an enlargement of the bank's circulation, and it would consequently tend to diminish the danger to the bank itself from the issues of country paper.

The publication by private banks, situated in the neighbourhood of large joint-stock banks, of the amount of cash and notes in their possession, would not put them in greater danger from the rival operations of those establishments, than they are in at present. It is generally known now to all the rivals of a small bank, that its capital is very small; and the disclosure of the facts respecting that bank, provided it were in a satisfactory state of solvency, would only show a perfect proportion between its liabilities and its means to meet them. Such a statement, far from aggravating any undeserved mistrust of the small bank, would rather tend to increase public confidence in its stability. No bank, in fact, wherever situated, which deserved good credit, would be injured by publication, though it might undoubtedly destroy a bank which was not perfectly solvent.

The principle of publicity should apply also to the banks of Scotland and Ireland;* for although one-pound and two-pound notes

are still circulated in those parts of the united kingdom, nevertheless publicity would place the community around them in a situation much better fitted to resist all incitements to alarm, especially to political alarm, than they would be under any system of secrecy.

The promulgation of their accounts by country bankers would not compel them to keep in reserve a greater proportion of gold than they ought in prudence to retain under the circumstances in which they are now placed. They ought at all times to be possessed of a stock adequate to meet the chance of a drain, from whatever cause it might proceed; and if the system of publicity were to be established, no bank would suffer its affairs to be in a condition which would, to a reasonable man, convey the least apprehension of its failing.

It has been supposed that many country banks, if they were to be compelled to promulgate their affairs, would prefer giving up their issues, and becoming mere banks of deposit. There seems to be no good reason why they should discontinue their issues on that account, if they were solvent and their affairs flourishing. But if any bank did so determine, there is no doubt that the place of its notes would be soon filled up by other wealthy bankers, who would find the obligation of publicity neither burdensome nor discreditable.

IV. ONE-POUND NOTES.

Mr. Grote was asked, what view he took of the policy of returning to the currency in England of one-pound and two-pound notes? [Grote, 4,748.] To which he answered in these terms:—"I am disposed to consider that one-pound and two-pound notes, payable in coin on demand, are so liable, during periods of pressure, to create derangement and to extend alarm, that the benefit derived from them in the way of cheapness is not an adequate compensation for the mischief at those peculiar periods. On that ground I am disposed to think that there is a balance of evil, on the whole, against them, and that it would not be wise to restore them."

V. STATE PAPER CURRENCY.

[Grote, 4,747 to 4,750] With reference to the question, whether it would be proper for government itself to become an issuer of paper, in preference to the bank, and thus take to itself the profits which the bank derive from furnishing so great a portion of the currency, Mr. Grote conceives that it would be better to leave the directors to manage the

* See Appendixes K L for a brief account of the Scotch and Irish Banks.

circulation as they now do, than to have national commissioners appointed for the purpose;—always understanding that the bank should be under the check of continuous publicity. It would, he thinks, be farther essential that the country should share much more largely in the profits of the circulation than it now does. If the bank be intrusted with the function of providing a circulation, unquestionably that circulation ought not to be considered as bank property, but as national property; and the bank should be allowed to receive no more of the profits, than would be considered as a fair remuneration for the trouble and risk of administering the details of the currency.

Other advantages would be derivable to the public from a circulation managed by directors, being commercial men, which would not be afforded by government commissioners. Persons chosen by government might equal the directors in commercial knowledge and power of accommodating the trading world; but it might not be so easy for government commissioners to equal the directors in reputation for incorruptible integrity, even if their conduct were just as pure in reality. The function of administering the currency is one peculiarly likely to provoke suspicion, which the directors have always escaped, chiefly from their actual merit, but to a great degree also because their commercial position shuts out the idea of intentional dishonesty. The principal advantage, apart from this, of a bank circulation in preference to a direct government circulation, consists in its affording greater security against violent interference and intentional debasement on the part of government, which the history of all states shows to be too probable during any period of embarrassment. Moreover, under a bank circulation, there is a great mass of private or corporate funds pledged to the holders of notes in addition to the security arising from the vast capital of the bank lent to government. Finally, a bank circulation has long been the only known and habitual circulation in the metropolis; a sufficient motive for continuing it, in preference to a government circulation, unless there were special motives for determining in favour of the latter.

(Continued at page 103.)

The Detroit Daily Advertiser says, that Michigan will this year be able to export at least half a million of dollars worth of bread stuffs.

Within the last eighteen months the banks in Cincinnati have reduced their line of discounts a million and a half of dollars.

From the Boston Courier of Feb. 17, 1838.

THE KILBY BANK.

The following history of the rise, progress, and downfall of the Kilby Bank is from the report of the legislative committee, made to the senate on Tuesday last:—

Trial balances of the books of the bank for the 27th of January and the 3d of February were exhibited by the cashier, the latter of which is taken by the committee as the basis of their report, they being satisfied that no material variation between the two exists—except that occasioned by the regular transaction of business. By this it appears that the liabilities of the bank on that day were as follows:—

Bill in circulation, of which \$110,000 are	
in the associated banks,	\$153,730 00
Balances due other banks,	15,000 00
Deposites, of which \$12,000 are on interest at the Savings Institution in Boston,	59,394 86
Post notes,	6,000 00
Unpaid dividends,	1,860 00
	<hr/>
	\$240,980 86

And assets to meet these liabilities are as follows:—

Notes discounted,	\$677,508 20
Current bills,	8,916 00
Checks on other banks, about half of which are memorandum checks,	6,007 81
Specie,	6,771 70
Balance due from other banks,	6,000 00
Accounts overdrawn,	28,788 83
Interest accrued on notes bearing interest, but not due,	9,602 58
	<hr/>
	\$743,595 12

As the best evidence that could be obtained of the amount of bills in circulation, the committee counted the blank bills remaining in the vault of the bank, and the bills issued on hand; the sum of those deducted from the amount received from the engraver, as shown by his bill, showed the amount in circulation, which agreed with the cashier's record within a few dollars—of this sum \$110,000 were ascertained to be in the possession of the associated banks, leaving but \$48,730 in active circulation. Of the other items of the liabilities of the bank, their nature would admit of no other feasible proof than the books of the bank, corroborated by the oath of its officers.

The first item of assets the committee examined with considerable care, opening, with the exceptions hereafter mentioned, every envelope, and ascertaining that the note or draft was present, and comparing the sums with the list furnished by the cashier. A large amount of the notes had been previously deposited with the committee of the associated banks, as security for the Kilby bills in circulation; and a small amount with other banks as collateral security for balances due them. As proof of the existence of these, the committee considered the certificate or statement of the cashiers of the banks in which they were deposited, sufficient; a list of them being also furnished. Of the notes and drafts sent abroad for collection, no other evidence could be given, than the memoranda of the cashier, accompanied by his oath.

The following is a classification of the notes made by the committee:—

Notes given to the East Boston Company for sales of land at East Boston, secured by mortgages of the land sold,

and endorsed by the company with a transfer of the mortgages to the bank,	\$115,136 85
Same class of notes, with same security, deposited with associated banks as above stated,	95,559 29
Interest on same,	3,082 17
Other notes, drafts, &c. remaining in the Bank,	276,903 28
Notes and drafts forwarded for collection,	19,991 48
Other notes deposited with associated banks as above,	131,230 80
Notes deposited in Globe Bank for same purpose,	9,911 50
Notes deposited in Columbian Bank as collateral security for balance,	13,855 79
Notes in the Boston Bank as collateral security for balance,	4,800 00
Notes over-due in Kilby Bank,	8,074 42
	<hr/> \$677,388 51

Of the large class of notes designated as the East Boston Land notes, the possession of which by the bank will be explained hereafter, the committee observe that according to the testimony of the directors, they were taken by the East Boston Company for sales of lots at East Boston; that they are made by a large number of individuals, payable at different times, from May, 1837, to different months in 1840, a few running beyond that period; that they are secured by a mortgage on the lots sold, one quarter of the purchase money having first been paid, in all cases, in many three-eighths, and in some one half; that on a considerable number of the lots valuable improvements have been made; that the mortgages are transferred to the bank, and that to this security is superadded the endorsement of the East Boston Company, of the financial condition of which a statement by the treasurer of the company is appended to this report. Some of these notes are now over due, on the part of which interest has been paid. All this paper the directors consider as fully secured to the bank.

Of the balance of the notes, described as remaining in the bank, a considerable proportion are loans made to individuals, upon the collateral security of East Boston, Kilby Bank, and other stocks. In this class is also included a check of the president of the India Marine and Fire Insurance Company, dated February 7, 1837, drawn on the Fulton Bank, and payable to insurance stock or bearer for \$50,000. This was given for stock in the Kilby Bank, transferred to said company on the day of its date, a transaction which will be again alluded to, and with the overdraft of said company, amounting to \$11,551 65, is said to be secured by an attachment of the property of the company. Of the remainder of this class of notes, together with those forwarded for collection, a considerable proportion will probably be paid.

Of the other class of notes deposited with the associated banks, amounting to \$131,230 80, the committee are informed, and have no doubt, that a large part will be paid at maturity. They are further informed, by members of the committee of the associated banks, that these notes, together with the East Boston paper pledged, are considered by them as ample security, eventually, for the \$110,000 of Kilby bills now in their possession.

The several items of current bills, checks on other banks, and specie, were examined, and found to be substantially correct. Certificates were also produced, showing that the bank has deposited \$10,210 of specie with other banks, as collateral security for loans.

The item of balances due from other banks is all included in a balance due from the Fulton Bank.

In the item of accounts overdrawn are included the overdrafts of banks, and of the India Marine and Fire Insurance Company, amounting to \$15,767 65, leaving \$13,021 18, the amount overdrawn by individuals.

The last item of assets, to wit, interest accrued on notes bearing interest, but not due, needs no explanation.

Taking into consideration the amount of these assets, and their character as above expressed, your committee do not hesitate to say, that they are, in their opinion, amply sufficient to pay eventually all the liabilities of the bank, though a very large proportion of the securities are such as are not calculated to facilitate banking operations, nor such as are usually discounted by banks.

The capital stock of this institution is \$500,000; what proportion of this will be eventually secured to the stockholders, it is perhaps unnecessary for this committee to give an opinion. They think, however, that with prudent management, after paying all liabilities, there must remain a considerable balance to be distributed upon the stock.

This stock is now held in the following manner:—

By the East Boston Company, or those to whom it is pledged by that company,	\$250,000
India Marine and Fire Insurance Company,	80,000
By the Kilby Bank, in pledge as collateral for loans,	83,100
By individuals,	86,900
	<hr/> \$500,000

Having examined the liabilities and assets of the bank, the committee proceeded to enquire into the manner in which it was put into operation.

The Kilby Bank was chartered April 15, 1836, and commenced operations on the 30th of November following. There were twenty-nine original subscribers for the stock, six of whom subscribed for 4,500 shares. Five of them were the first board of directors. By the books, the whole of the capital purports to have been paid in on the day last mentioned. By the testimony of the president and a part of the directors, it appears that these large subscribers obtained loans of other persons to pay the amount of their stock, with an understanding among themselves, that they were to have a loan at the bank to that amount immediately after it should have commenced business. With current bills, and with checks upon other banks so obtained, the stock was all paid in. With one half of these funds specie was obtained from other banks to the amount required by law, with an understanding that the whole amount, except twenty or thirty thousand dollars, should be re-exchanged for the same, or other funds, as soon as the bank went into operation.

It appears by the first discount sheet, under date of November 30th, that there was discounted on that day to the six stockholders above mentioned, \$450,000, in sums of 80,000 each, to the five who were directors, and \$50,000 to the sixth. According to the testimony of the president, this loan was made upon their several notes, secured in some cases by endorsers, in others by notes and other securities as collateral, but in no case by a pledge of Kilby stock.

With regard to the manner in which the specie was obtained and placed in the vaults of the bank, the directors do not pretend that they have complied with the spirit of the law, but they allege that they pursued the same course as has been adopted by a majority of the banks chartered in this commonwealth within the last ten years, and your committee believe the allegation to be substantially correct, not meaning to extend the remark to the manner in which the funds were obtained, by means of which the specie was procured.

It is due to those of the present board of directors who put this bank in operation, to state that several of them testified before the committee, that within their own knowledge the same course had been pursued by several other banks which have been established within the last few years, and that they believed it to have been adopted by others chartered for this city, within that time. The practice they say, has been thus:—A few individuals associate for the purpose of establishing a bank; they obtain a charter, subscribe for the stock, put the bank in operation, as was done in the case of the Kilby Bank, obtain loans to the amount of the stock subscribed, and have them renewed until the shares are disposed of to those who have capital to invest. How extensive this practice has been, your committee have not the means of deciding. It is alleged by the directors of the bank, that it has been of late quite common in this city, and that however they may have violated the law, they have only conformed to custom.

After the bank commenced operations, the directors proceeded to do what business they could upon their small amount of available capital, their circulation, and a considerable issue of post notes.

On the 7th of February, 1837, according to the testimony of the president of the bank, an arrangement was made with the India Marine and Fire Insurance Company, by which the latter agreed to take eight hundred shares of the Kilby stock, with the understanding that the directors of the bank, as individuals, would make efforts to dispose of an equal amount of the insurance stock, but with no agreement for an exchange of stock between the bank and the insurance company. In pursuance of this arrangement, 500 shares of the Kilby stock were transferred by the holders to the insurance company, on the 7th of February, 1837, for which the president gave his check of that date, drawn upon the Fulton Bank, for \$50,000. This is the check before alluded to, as forming a part of the assets of the bank. On the 30th of September following, three hundred shares more were transferred in the same manner, and another check of \$30,000 received by the bank therefor. This last check has since been paid, partly by means of the deposits which the insurance company had in the bank, and partly by carrying the balance to their debt on the books of the bank; making the overdraft of \$11,551.61 before mentioned as having been secured by an attachment of the property of the company.

On the 19th of May following, a proposition was made by the East Boston Company, to take 2,500 shares of the Kilby stock, and to pay for the same in part by the notes and mortgages taken by said company, for sales of their East Boston land, and to give their corporate note for the balance, payable on the first of the next October, with an understanding that it should be renewed at the convenience of the company. This proposition was accepted by the directors of the bank and carried into effect on the 29th of the same month, the individuals holding the stock transferring the same to the company, and the company transferring its notes and mortgages to the bank to the amount of about \$215,000, and giving its own note for the balance. At the time of this negotiation, it was understood that the East Boston Company should be represented in the direction of the bank, and accordingly, at the annual election in October last, the board was enlarged from the number of six to ten, and five of the stockholders in that company were made directors in the bank.

With regard to this transaction the committee observe, that it was undoubtedly a good one for the bank,

for though it did not supply it with funds for immediate operations, it converted one half of its capital, which before was merely nominal, into securities which will probably be eventually available. At the time the operation was made, moreover, it was in contemplation to convert the greater part of those securities into cash, by obtaining a loan upon them, and thus to create a fund for the immediate use of the bank, but the continuance of the pressure in the money market has hitherto prevented the realization of this object. Had these notes been offered for discount to any bank with an active capital, sound policy would undoubtedly have rejected the proposition, but as this bank was situated, the same policy dictated its acceptance.

After the sale to the East Boston company, and the accession of several of its members to the direction of the bank, measures were adopted to put its affairs in as good a condition as its circumstances would admit. It was voted to issue no more post notes, those outstanding to the amount of \$89,000 were called in, leaving but one of \$6000 unpaid; it was voted that no officer of the bank should receive memorandum checks, except under certain circumstances, and then the fact to be made known to the directors at their next meeting; and generally there seems to have been manifested by the board a desire and a determination to do all in their power to sustain the credit of the institution, and to secure the public from inconvenience or loss. But the redemption of so large an amount of post notes, though intended to strengthen the bank, occasioned necessarily a considerable increase in its immediate circulation, and this at a time of considerable excitement, created a suspicion of weakness; the associated banks called for security, and though the call was promptly complied with, other circumstances occurred which occasioned the rejection of its bills by the association. Since that event, the bank has re-deemed, in current bills, all its own under the denomination of ten dollars, which have been presented, and in some instances those of larger amount.

Several of the present board of directors are personally known to some of your committee, and they take pleasure in bearing testimony to the fact, that their character for respectability and honour is of a high order in this community, and would of itself afford a guaranty that nothing of a fraudulent or dishonest nature would with their knowledge be permitted in the institution; and as far as your committee have been able to examine, the transactions of the bank of late appear to have been conducted with a due regard to the rights and to the safety of the public. The principal difficulties which it has experienced, have resulted from the improper, and as your committee think, illegal manner in which the attempt to create its capital was made. Should the bank continue to exist, those difficulties must also continue to be experienced until the radical cause is removed, by the exchange of its nominal and inactive capital, for that which is active and real.

Believing that the spirit of the law was violated in the commencement of the existence of this institution, to an extent that renders the example a pernicious one to the community, your committee recommend that the Bank be summoned to show cause why its charter should not be declared forfeited.

FOREIGN INTELLIGENCE.

From the London Times, July 23.

Money Market, &c.—A notice has been issued by Messrs. George Wildes & Co., one of the three great American houses which stopped payment in June

1837, requesting all persons who have any claims upon them, whether as bill holders or otherwise, to present them at their counting-house for payment. The amount of claims to which this notice can apply is understood in the city to be about £60,000, but that it does not, as that amount would imply, include either the claims of the Bank of England for advances made to the firm, or of the parties who are under guarantee for the repayment of those advances. This it is material to make known, as the affairs of these houses have been held all along to be a subject of very great public interest, in order that the fact may be come at, which is the most important part of it, to what extent the assets of the firm, as given in their original balance-sheet, have been realised in the United States.

As that account, when delivered in, stated the prospect of a large surplus, exceeding, if we recollect right, £400,000, and as the bank are believed to be still creditors to nearly a similar amount, it is clear that the progress made in the realisation, the interval being above thirteen months, has been slow and unsatisfactory. That an act of substantial justice has now been done, however, to the creditors not holding security, and who are necessarily included in the notice referred to, cannot be denied, and it is a proceeding highly honourable to all concerned. To be complete, it should have been done from the first, when the bank and the guarantees of the house took up their affairs, without waiting for those remonstrances which such unfairness naturally called forth, both from the press and from the parties who were thus threatened with a total loss. Still the boon, late as it is conceded, is a considerable one. There is only one circumstance to be regretted in it, which is, that the only remaining creditors being the bank and the private guaranteees, there are no parties left likely to take such a step, who are entitled to call for an account of the final winding up of the enormous transactions out of which the panic of 1837 arose, and which would have been a most valuable document to the commercial interest. The negotiation with the bank, out of which the present arrangement has arisen, is understood to have been for some time on foot, but that the directors now consider that they at least are perfectly secured.

The business of money in this market has not escaped the notice of speculators so shrewd as those of the United States; and consequently, since, through the payment of the dividends, capital has become still more abundant, the most active exertions are being made to introduce and push various descriptions of American securities and speculations on the stock-exchange. With several of the state and bank stocks the money market is yet familiar to some extent, and according to recent accounts more and new creations of the sort are or may shortly be expected. Two new state loans have already been recently alluded to, one of them contracted with Mr. Biddle, and both absorbed by special agreement, so as to suit the taste of purchasers here, in the shape of bonds reduced into sterling money, with the dividends payable here at a fixed rate of exchange, and interest. In addition to these, however, there are other kinds of securities of a more objectionable character, in which it was sought to tempt people to invest, or where that may be difficult, to raise money upon them by way of loan or mortgage. These partake of the nature of private enterprises, such as coal-mining, rail-road, and canal companies. Of the insecurity of investments in such speculations, and of the chances of success, the public here can hardly be sufficiently well qualified to form a judgment in a country so remote as the United States.

The experience of similar undertakings in this country is not calculated, perhaps, to hold out much encouragement to hope for more beneficial results elsewhere. It is a lottery in which the prizes have borne but a very small proportion to the blanks, and people will scarcely be so sanguine as to believe that American enterprises will establish, or have yet done, the exception to the rule. Where shares in the stocks of these companies are found not to be saleable, it is proposed to raise money by way of mortgage, divided into bonds, with the interest payable here in sterling. Notwithstanding the flattering estimate set forth of the security, it will be remembered that there are no means of testing a valuation made so far off. Such valuation, moreover, appears to rest solely on the outlay already expended on the mines and works, which, for anything that is really known, may turn out to be of little worth, if the outlay be not absolutely wasted on an unproductive adventure. We have never thought highly of any of the American securities, but against such as these especially, the public ought to be upon their guard.

London, July 28.—The singularly anomalous appearances which have prevailed during the past few days in the state of the money market have been and are creating some considerable degree of enquiry respecting the causes of the present pressure, both on the stock-exchange and in the commercial discount market, with our leading monetary and commercial men.

It is now fully understood on the stock exchange that government have been selling exchequer bills with a view to take advantage of the high rate of premium which has lately prevailed. The Scotch joint-stock banks, which have made very profitable investments, have also been realising, and as these two operations must doubly absorb a large amount of bank paper, or its representative, it goes a very great way to account for the present pressure for money. Yet, amid all this, the leading discount brokers can obtain money from the bankers from day to day at 2½ to 3 per cent, which, however, establishes a market value for money under the most favourable circumstances between the like parties for a short time at about 4 per cent. per annum.

By the usual returns of the quarterly average of the weekly liabilities and assets of the Bank of England, it will be seen that the circulation has increased 233,000*l.*, the assets 247,000*l.*, and the bullion 73,000*l.* The deposits have decreased 2000*l.*

From May 1 to July 24, instant:—	
LIABILITIES.	ASSETS.
£	£
Circulation, 19,286,000	Securities, 22,601,000
Deposits, 10,424,000	Bullion, 9,749,000
£29,710,000	£32,350,000

PRIVATE AND JOINT STOCK BANKS.—An account of the aggregate amount of notes circulated in England and Wales by private banks, and by joint stock banks and their branches, distinguishing private from joint stock banks, between the 31st March and the 30th June, 1838. From returns directed by three and four William IV., c. 63.

Private Banks	£7,383,247
Joint Stock Banks	4,362,256
	£11,745,503

LONDON, JULY 31.—The usual average return of the liabilities and assets of the bank of England, embracing the period from the 1st of May to the 24th inst. which appeared in last night's Gazette, gives the following

results, viz.—that the average of the month ending the 24th instant, as compared with the average of the month ending the 1st of May, shows an increase in the circulation of 717,000*l.*, a decrease in the deposits of 6,000*l.*—and an increase in the stock of bullion of 81,000*l.* Wherefore, it appears that the increase in the liabilities is 11,000*l.*, and this represents the increase in the total quantity of money in the month ending the 24th instant, as compared with the month ending the 1st of May, in so far as regards the administration of the currency of the bank of England.

LONDON, AUGUST 1.—The state of that division of the money market which governs commercial discounts has not altered, and the rate between the bankers and the bill brokers continues to rule from day to day at about $2\frac{1}{2}$ a 3 per cent. on the first rate security; and as the accounts which have been received from many parts of the country to day, speak in such strong terms of the favourable prospects of the coming harvest, it has rather shaken the opinions, and consequently the operations of the parties who always speculate for a fall at this season of the year, upon the contingency of bad weather. It will be seen from our stock quotations, that in some degree, this circumstance has caused a slight impression in consols and other British securities this evening, whilst on the other hand, this alteration has been partially effected by the desire of the Bears of the past few days to get again into stock.

AMERICAN STOCKS, August 1.—There have been dealings in some of the different United States securities to day. United States bank bonds are $25\frac{1}{2}$; Alabama 5 per cent. sterling, are 93 a 94; ditto, five per cent. currency, 83 a 84. Louisiana five per cent. (Baring's) are 83 a 84; Louisiana five per cent. (Lisard's) are 97 a 98, and New York five per cent. 92 a 95.

LONDON, August 1.—Affairs at the stock exchange generally present rather a firmer appearance to-day, but there was not much business transacted. Consols for money left off at 93 a 94, and 93 a 94 buyers for the account. Exchequer bills remain at 72a. to 74a. premium, and bank stock at 206 a 207.

This was settling day in foreign securities, but the adjustment of the accounts was unattended with any particular feature.

The exportation of the precious metals from the port of London for the week ending Saturday last, the 28th inst., consisted, according to the official report, of 50,620 ounces of gold, and 3,295 ounces of silver. Of the gold, 26,870 ounces were shipped to New York, 2,500 to Canada, 1,500 ounces to the Mauritius, and 50 ounces to Boston. All the silver was sent to the Mauritius.

August 2.—There is little variation to report in the funds, in which the operations continue on a very limited scale. Consols left off at 93 a 94 sellers both for money and account. Bank stock was 206 a 207; India stock 264 to 5. Exchequer bills, 72a. to 74a.; India bonds 75a. premium.

LIVERPOOL COTTON MARKET.

August 2.—Since our last there has been a better demand; the sales yesterday were 5000 bags, and to-day they are 4000. The whole of the business is reported to the trade. The market has closed firmly at an advance of $\frac{1}{2}$ d per pound on Friday's prices.

Aug. 3.—The import of cotton has been 23,889 bales, and the sales 32,610 bales, including of American sorts, 150 Sea Island at 1*s.* 6*d.* a 2*s.* 2*d.*; 50 do stained, at 11 a 12*d.*; 10,920 Upland at 5 a 5 a $\frac{1}{2}$ d; 6280 Alabama and Tennessee at 4 a 7 a $\frac{1}{2}$ d; 7840 New Orleans at 5 a 8 a $\frac{1}{2}$ d. The sales during the month of July were 96,920 bags, and a small part on speculation. The

stock now stands at 525,440 bales against 363,350 last year, and the import is 1,089,406 bales against 789,193 last year. There has been a good demand throughout the week and less desire to sell on the part of holders, and during the last days, especially, a large business has been going on at improved prices for American descriptions, particularly in ordinary to fair qualities, which are $\frac{1}{2}$ d pound dearer.

COMMERCIAL BANK OF MANCHESTER.—We are indebted to a house in this city for the annexed statement of the condition of the Commercial Bank of Manchester, Man. on the 1st of August ult.

LIABILITIES.	
Capital Stock paid in	£888,750 00
Profit and Loss	34,641 51
Dividends	1,260 00
Unclaimed Dividends	90 00
Individual Depositors	29,669 71
Deposite Certificates	30,002 47
Date Checks	22,552 80
Exchange on Sterling Bills	9,146 34
Total amount due to banks	1,967 35
Our Bank Notes in circulation	186,800 00
	£1,004,780 08

ASSETS.	
Loans and Discounts	£739,427 79
Bills of Exchange	26,896 06
Suspended Debt	28,096 64
Real Estate	25,898 29
Bank Expenses	2,258 52
Advances on Cotton	91,999 10
Charges on Cotton shipped	13,170 10
Amount due from banks	34,864 29
Other Bank Notes on hand	29,794 29
Gold and Silver	30,619 00
	£1,004,780 08

THE FOREIGN GRAIN MARKET.—As the crops of Europe are of importance to our grain market, they are worth attending to. In Italy, the crop of wheat is badly spoken of. In Piedmont the prospect was very unfavourable. There had been large arrivals of wheat at Trieste, and it was expected prices would be lower. At Hamburg, July 24, the weather was cold and unsettled.

In the Baltic parts the demand for wheat has not been so brisk lately, still prices have been pretty steadily maintained. At Danzig on the 20th July, some good mixed wheat was disposed of at 40*s.*, and a parcel of very fine, almost deserving the name of high-mixed, at 42*s.*; the very top quotation was 50*s.*, but the demand was chiefly confined to qualities somewhat inferior, at 44*s.* to 46*s.* per qr. and several lots of good high-mixed had changed hands at these prices. A good deal of rain had fallen which had much benefited the growing crops, still the yield of wheat was not expected to turn out well.

From Königsberg we have advices of the 19th July. The quantity of wheat remaining in the hands of the merchants is stated to be reduced to about 70,000 qrs, and a considerable proportion of this small stock, is not good enough for the English market, the dull accounts from London had therefore very little effect on prices, and it was expected that a rapid advance would take place if the demand from England and France was in the slightest degree to increase. The accounts from Poland respecting the growing crops of grain continued unfavourable, and very short supplies were expected from thence. White wheat was quoted from 44*s.* 6*d.* to 48*s.*; high-mixed, 41*s.* to 42*s.* 6*d.*, mixed 37*s.* 6*d.* to 39*s.* 6*d.*; and red 31*s.* 6*d.* to 36*s.* 6*d.* per qr., free on board.—N. Y. Express.

DOMESTIC INTELLIGENCE.

Another association under the new banking law has been formed at Rochester, with a capital of \$500,000, with the privilege of increasing it to \$3,000,000. Immediately after the books were opened, \$150,000 were subscribed, and the residue will be taken up forthwith. The directors have been already chosen, and the institution will go into operation as soon, probably, as the bills can be procured.—*N. Y. Com. Adv.*

The Buffalo Commercial Advertiser mentions the establishment at that place of a bank organized under the new law, which is shortly to go into operation; capital \$200,000. Another institution is nearly organized by another association.

The "Bank of Clyde," with a capital of \$100,000, has been established at Clyde, Wayne county, New York, under the new banking law.

The Exchange Bank of Virginia went into operation at Norfolk on Saturday last. It has branches at Richmond, Petersburg and Clarksville. The state of Virginia is half owner of the capital stock.

It is stated that the proceeds of the *Smithsonian bequest*—about half a million—have been loaned to the new bank, organizing under the presidency of Mr. Beers, on the security of an equal amount of Arkansas stock, bearing an interest of six per cent.—*New York American.*

The banks of Milledgeville, Georgia, will resume specie payments on the 1st of October, simultaneously with the banks throughout the state.

The North American Trust and Banking Company, it is stated, have concluded an arrangement with the commissioners of the state of Arkansas for the purchase of the bonds of that state to the amount of one million of dollars. These bonds have thirty years to run, bearing interest at six per cent. per annum.

NEW COTTON AT NATCHEZ.—The Courier of the 28th ult. says: "On Saturday, eight bales of cotton were sent in from a planter in Adams county, to a house in this city, for sale. Before the cotton was one hour on hand it was sold at 13 cents per lb. This is the first sale of any part of the new crop in this city."

THE NEW CROP AND THE NATCHEZ.—The first of the new cotton crop, that we have heard of, is now on board the "Natchez," of which there are three bales. These are, of course, on their way to New York. The steamer left Natchez on the 23d, at 9 A. M. with thirty-five bales of cotton, inclusive of the above, and twelve passengers, for New York.—*N. Orleans Am.*

NEW COTTON.—One bale new Louisiana cotton, raised on the plantation of C. C. S. Farrar, Esq. was received at New Orleans August 26th, by the steamer Huntsville, and is consigned to Messrs. Burke, Watt & Co.

MARYLAND TOBACCO CROP.—The Baltimore American says:—"We have seen a letter from a respectable gentleman who has just returned from a tour in the tobacco growing districts of Maryland, which states that the prolonged continuance of the drought has affected the crop in quality as well as quantity. The writer's opinion is that not more than a third of an average crop is likely to be realized, and that the quality of what is saved will be poor and indifferent in consequence of the drought."

ROXBURY BANK.—We learn that the supreme court have appointed a receiver to close up the affairs of this institution, and that a large amount of bills of the new emission, in pledged hands, has been returned to the bank, but we cannot learn that any steps have as yet

been taken to redeem the *free circulation*, nor can we learn its extent.

It is but an act of justice to Mr. Chorley, the former cashier, and Mr. Bridge and other directors, to state, that they resigned their places in this bank about the middle of February last, before the report of the legislative committee, and some weeks before the repeal of its charter placing in the hands of the trustees sufficient funds to redeem all the circulation then out, amounting to only \$6000 or \$5000. Since which time a new emission of bills to a large amount has been made by those in control of this bank, which led the commissioners to report against it, and the supreme court to lay an injunction, staying all further proceedings on the part of the bank.—*Clarke's (Boston) Bank Note List.*

The Detroit Advertiser of the 12th August says:—"The money of this state we think to be improving, although its present scarcity is without parallel. We learn that some of the banks in this city have commenced paying out their own bills, which must alter the aspect of affairs both at home and abroad. Of the bills which are taken in deposits at the City Bank, there are some which strongly waver in the confidence of a large portion of the public. We allude to the bills of the banks of Signapore, Frost, Salina, Clinton, and the Clinton canal, together with the checks of the Shelby and Detroit railroad, which pass with much more exertion; yet we are inclined to think the suspicion attached to the above banks, to be without any just foundation."

The U. S. Bank yesterday notified most if not all the holders of protested notes, that the bank was ready to pay them. So these twelve per cents. are likely to disappear. The notice was not at all desired by the holders of the notes, for in the abundance of money which now exists in Wall street, the thought of one per cent. a month on a few thousand, was very comforting.—*Journal of Com. Sept. 6.*

From Bicknell's (Philadelphia) Reporter of Aug. 26.

SPECIE AND THE NEW YORK BROKERS.—We regret to be compelled to state that the atrocious system pursued by the New York brokers in drawing specie from our banks, and which we noticed in our last, continues to be daily pursued by those gentlemen, despite the excitement and unkind feelings that have been produced. We have been requested to give the names of the brokers alluded to, but believing that they will see the error of their way, and adopt some less exceptionable mode in getting remittances, we have concluded to say nothing further upon the subject at present.

THE WORK OF RESUMPTION.—From all parts of the country we have cheering intelligence, in relation to the general resumption of specie payments. The Franklin Pa. Repository of Tuesday says:—"We are happy to learn on enquiry that there has been no run or unreasonable demand for specie at the Bank of Chambersburg since the resumption of payment of specie for their notes. This is right. Business will now progress as usual, and the public, it is hoped, profit by experience. Our country is still in its youth, and will soon recover its wonted course of onward prosperity, if we only let well enough alone."

The Richmond Enquirer of Tuesday, in speaking of the resumption, which took place there as here on the 13th, says:—"Every thing continues to work with our banks, as 'smooth as a shingle.' The officers assure us, that every thing has nearly returned to its ancient channels—confidence is entirely restored—and no specie is called for. No one seems to value coin more than paper."

OFFICIAL.

Treasury Department, Sept. 1, 1838.

Notice is hereby given, that the whole of the fifth instalment of the Neapolitan indemnity has been received in this country, and that the nett proceeds thereof are \$21,035 dollars 96 cents. Claimants can obtain their due proportion of it on application to the Bank of America, in New York city.

LEVI WOODBURY,
Secretary of the Treasury.

TREASURY NOTES.

Treasury Department, Sept. 1, 1838.

The whole amount of Treasury notes authorised by the act of October 12th, 1837, having been issued, viz:— \$10,000,000 00

And there having been redeemed of them about 7,350,000 00

The new emission made in place of those under the act of May 12, 1838, have been 5,547,310 01

There have been redeemed of those last about 100,000 00

This leaves a balance of all outstanding equal to only about \$8,097,310 01

LEVI WOODBURY,
Secretary of the Treasury.

Treasury Department, Sept. 1, 1838.

Notice is hereby given, that the outstanding Treasury notes issued in pursuance of the acts of Congress of the 12th of October, 1837, and the act additional thereto, will be paid agreeably to their tenor, upon presentment at the Treasury of the United States whenever they fall due.

Each parcel of notes offered for payment should be accompanied by a schedule, showing the dates and sums of the several notes, with the rate of interest thereon.

Holders of Treasury notes, to whom it may be more convenient to have the amount due upon the same made available at either of the Ports of Entry or Land Offices, are informed that all collectors and receivers of public money will continue to receive them, and allow the principal and interest due thereon, in payments for lands and customs.

Those who may not wish to use the notes in payments to the United States, nor find it convenient to take the amount due on them at the Treasury, will be accommodated with drafts therefor, payable at their places of residence, whenever it is found to be practicable.

LEVI WOODBURY,
Secretary of the Treasury.

SALES OF STOCK AT PHILADELPHIA.

September 17.

\$500 County Fives, 1860, Thursday,	95	100
10 shares U. S. Bank,	123½	100
4 " Farmers' and Mech. Bank,	64	50
4 " Mechanics' Bank,	56½	35
10 " Schuylkill Bank,	51½	50
5 " Kentucky Bank,	93	100

20 "	Northern Bank, Ky.	80½	65
91 "	Union Bank, Tenn.	95½	100
26 "	Grand Gulf Bank,	90	100
13 "	Lohigh Coal,	92½	50

SALES OF STOCK AT NEW YORK.

September 15.

850 shares	Del. and Hadeson Canal,	80½	79½
25 "	Morris Canal,		68½
70 "	Ohio Life and Trust,		100½
185 "	Kentucky Bank,		92½
50 "	Mohawk Railroad,		74
200 "	Patterson Railroad,	71	70
400 "	Harlem Railroad,	70	70½
10 "	Boston & Providence R.R.,		105½
238 "	N. J. Railroad & T. Co.		103½
125 "	Stonington Railroad,	65	63½
190 "	Long Island Railroad,		59½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

September 15.

Bills on London, 60 days sight,	9½ a 9½ p. cent. prem.
" France,	5 17½ a 5 18½ fr. p. doll.
" Holland,	40½ a 40½ ctas. guild.
" Hamburgh,	35½ a 36 ctas. p. mch.
" Bremen,	79½ a 80 ctas. p. rix doll.
" Boston,	per a ½ discount.
" Philadelphia,	½ a ½ do.
" Baltimore,	½ a ½ do.
" Richmond,	1½ a 2 do.
" N. Carolina,	3½ a 4½ do.
" Charleston,	1 a 1½ do.
" Savannah,	1½ a 2 do.
" Augusta,	1½ a 2 do.
" Mobile,	6 a 6½ do.
" New Orleans,	3 a 3½ do.
" Louisville,	2 a 2½ do.
" Nashville,	6½ a 7½ do.
" Natchez,	7 a 7½ do.
" St. Louis,	3 a 4 do.
" Cincinnati,	1½ a 2½ do.
" Michigan,	10 a 12 do.
" Detroit,	4 a 5 do.
American gold,	7 premium.
do. new coinage,	par a ½ do.
Spanish dollars,	2½ a 3½ do.
Carolus do.	5 a 6 do.
Mexican dollars,	½ a 1 do.
Half dollars,	par
Five-franc pieces,	94 a 94½ cents each.
Doublons,	\$16 40 a \$16 50 do.
do. patriot,	15 60 a 15 68 do.
Sovereigns,	\$4 85 each.

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

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The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargain contract, not for denominations or sounds, but for the intrinsic value."—*Locks on Money.*

Vol. II.

WEDNESDAY, SEPTEMBER 24, 1838.

No. 13.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 136.)

CHAPTER XXVI.

Opinions of Messrs. Dyer, Burt, and Smith, with reference to the exclusive privileges of the Bank of England, and the project of making its paper a legal tender in the country—Their views with respect to improvements in the system of Joint-stock Banking Companies.

I. EXCLUSIVE PRIVILEGES OF THE BANK.

There are the greatest objections to the renewal of the bank charter, with any exclusive privileges whatever. [Smith, 4,331.] The evils so long experienced and still in operation, resulting from the control exercised over the currency by the bank, are sufficient evidence of the impolicy of such a measure. As to the supposition, that the bank affords assistance to the commerce of the country, it has no foundation. [4,335.] Probably, not more than one-tenth of its issues are founded upon discounts of mercantile paper. According to an official statement recently issued by the Bank of the United States, it appears that the capital of that bank was then thirty-five millions of dollars, and that its notes in circulation were sixteen millions of dollars, making a total of fifty-one millions. This sum total was partly disposed of in discount of notes to the amount of thirty-two millions, and in the discount of domestic bills to the amount of ten and a half millions, making a total of forty-two and a half millions employed in commercial objects. The capital of the Bank of England amounts to 14,500,000*l.*, and its circulation to 19,500,000*l.*, making a total of 34,000,000*l.* now in capital and circulation. Yet, of those 34,000,000*l.*, probably not more than two or three millions are issued on commercial discounts, the remainder of this immense sum being engaged (chiefly) in loans to the government. It is true that a portion of the circulation of the bank is employed by

private bankers in commercial discounts; [4,347,] but if the bank held these discounts, it would probably be by a new issue of its notes, which would increase the currency, whilst the private banker could only hold them in exchange for notes already issued, or for some other property not affecting the circulation. [4,349.] When the bank employs money in mercantile transactions, it is called for by the wants of the public; but when it employs its funds in the purchase of exchequer bills or in government loans, those issues are not called for by the exigencies of trade; and in that respect the commercial public sustain an injury by the emission of notes, which are not required for the purposes of the currency.

II. LEGAL TENDER.

[Burt, 4,485] Neither private banks nor joint-stock banks ought to be released from the obligation of paying their notes in gold on demand. [4,486.] The obligation so to pay their notes is a natural check against excessive issue, which would not exist if they had the power of redeeming them with Bank of England paper. [4,488.] The difficulty of procuring that paper on some occasions, and the facility of getting it on others, would still render the local circulation as fluctuating and insecure as it is at present. No bank note should be made a legal tender. [4,489.] Every bank should depend upon itself for keeping a sufficient supply of gold in its own coffers for its own protection. [4,492.] If the legislature were to make the Bank of England notes a legal tender upon the part of country bankers, they would place the monetary system in a much worse situation than that in which it has already been for many years.

III. IMPROVEMENTS IN THE SYSTEM OF JOINT-STOCK COMPANIES.

[Dyer, 4,197] The directors of the joint-stock banks at Manchester and Liverpool submitted to the chancellor of the exchequer,

after much consideration of the subject, a set of propositions, comprehending the views which they took of the alterations that ought to be effected in the present law relating to such establishments, before they would deem it advisable to issue paper money of their own. Those propositions, which were read by Mr. Dyer to the committee, are as follows:—

"1. That joint-stock banking companies shall consist of at least one hundred proprietors, of whom not fewer than twenty shall have paid up at least 1,000*l.* each.

"2. That such companies shall have a paid-up capital of at least 100,000*l.* and a subscribed capital of not less than 500,000*l.*, and that all proprietors of such companies shall be individually answerable for all the obligations of the company.

"3. That such companies shall make and execute a deed of settlement, stating the number of proprietors, the amount of subscribed and paid-up capital of each respectively, the names and designation of the directors and public officers, and all the conditions of the partnership; which deed shall be sent to a public registry before it shall be lawful to commence business as a joint-stock banking company.

"4. That such companies shall not establish branches at a greater distance than twenty miles from the parent bank, nor shall such be empowered to issue notes or bills other than those of the parent bank; such branches being intended to act only as discount and deposit offices.

"5. That such companies shall be under the government and control of boards of directors, to be annually chosen by the proprietors, consisting of not fewer than seven.

"6. That reports be made annually by the directors of such companies, exhibiting a corrected list of the proprietors, with the amount of stock held by each, the amount of capital at the time, and a full and fair account of the affairs of the company; which report shall be sent to a public registry, and be accessible to the public on the payment of one shilling.

"7. That such companies shall have the power of making their notes and drafts, of whatever amount, payable either at their respective localities or in London, or in both places, but not elsewhere, and when payable in London, either at a London banker's or at an office of the company.

"8. That such company shall have the power to draw bank post bills, made payable to a party other than the party from whom the value is received, as the Bank of England.

"9. That such company shall have the privilege of using the same description of engraving and water marks for the prevention of forgery as the Bank of England has or may have secured to it.

"10. That such company shall have the power to compound for stamps on the same terms *pro rata* for the business done as the Bank of England.

"11. That assignees and trustees, who may be shareholders in such companies, shall have the power to deposit the trust moneys in a joint-stock bank, notwithstanding their having a proprietary interest in the company.

"12. That transfers of shares in the stock of such company be allowed to be made on one shilling stamps.

"13. That all banking houses not conforming to the proposed law, be held by law to be private banking

houses, of whatever number of partners they may consist.

"14. That while compliance with the preceding conditions be enforced by parliament in every joint-stock bank that shall be established, a specific license or charter shall be requisite in each particular case, in order that government may exercise its discretion on every application in determining the number of proprietors and amount of paid-up and subscribed capital which may be requisite beyond the minimum prescribed by law, to give full security to the public, and a reasonable protection to joint-stock banks previously established."

[4,198] With reference to the first of these propositions, the parties who drew them up consider that there ought to be at least one hundred proprietors, to prevent the imposition of a sham company; and, in order that there should not be a hundred persons of no substance associated, they think it necessary that of the hundred subscribers twenty should have paid in cash at least 1,000*l.* each. There cannot be a solid bank without twenty partners who have property enough to spare that sum; and any such association not thus strengthened by numbers and by respectability, ought not to assume the character of a joint-stock bank.

[4,223.] The minimum of capital stated in the second proposition would not of course be sufficient for such a town as Liverpool or Manchester; it was suggested with reference to smaller towns, such as Derby, Leicester, and Northampton, in which it might be desirable to give the community the benefit of having such banks. The main point in view is, that there should not be any company denominated a joint-stock bank, [4,224.] in which the public should not have entire confidence. [4,231.] All the conditions specified in the third proposition are deemed absolutely indispensable to the formation of sound companies; without some such provision, there would be a temptation for persons of no property to turn bankers, where neither the character of the individuals, the amount which they might have paid, nor the articles of co-partnership, could be known. The fourth proposition gives the power to a joint-stock bank, if it chooses, in a place like Manchester, to have offices in the neighbouring towns whose business centres there. The objection to the establishment of branch banks at a greater distance than twenty miles from the parent bank, is, that the latter might then have the power to send its notes by extraordinary efforts to remote parts of the country, and thus force them into circulation. [4,232.] But paper so issued ought not to form part of the circulation; and if a bank have many branches, they become, in fact, so many banks, which would be objectionable. The expe-

dience of the suggestion contained in the fifth proposition is obvious. The sixth proposition contemplates a full and fair account of the whole affairs of the bank, including the amount of treasure and every thing; [4,286.] such a periodical publication being considered indispensable, in order that the public may know whom they have to deal with.

The seventh proposition is considered by the parties who have approved of it as one of particular importance. [4,238.] Their whole plan goes upon the supposition, that, if adopted, it would effect a great improvement in the currency; and that it would give to the nation at large a quantity of paper money not liable to suspicion, in whatever part of the kingdom it might happen to circulate. It would not, however, attain that character unless it were to be made payable in London, the great centre of the monetary system. [4,245.] The privilege mentioned in the eighth proposition is contrary to the general law of bills of exchange; but it is one that is possessed and exercised by the Bank of England, and would be attended with convenience to customers. With respect to the change alluded to in the ninth proposition, if it be true that any particular design, or any description of paper, or water mark, be in effect a security against forgery, it seems reasonable that the power of using it should be extended to the community at large, with a view to the prevention of crime.

The tenth, eleventh, and twelfth propositions need no commentary. [4,258.] The condition mentioned in the thirteenth proposition would be absolutely essential to the operation of an open and equal competition amongst bankers; it is directed against the existence of spurious companies. [4,260.] The provisions specified in the fourteenth proposition are considered of primary importance. It would be most convenient if the power of granting charters were vested in the government, or in the privy council, or in some discretionary board, inasmuch as special acts of parliament are frequently very defective, in consequence of the hurried manner in which they are passed. The concession of the charter should depend entirely upon the discretion of the authority granting it, as the minimum stated might lead to the establishment of companies that would be very unfit to discharge the offices required of bankers in such towns as Liverpool, Manchester, Birmingham, and Leeds. There should, moreover, be a reasonable motive for inducing capitalists to form joint-stock banks; and that motive would be much strengthened if they were to be assured that their bank,

founded perhaps on half a million of capital, would not have to compete with another alongside of it with a capital of only a hundred thousand pounds.

The establishment of banks with considerable funds upon the plan above mentioned, might perhaps be looked upon as the chartering of so many partial monopolies; [4,261.] but they ought not to be so considered, the object in view being the enforcement of the use of an ample capital, proportionate to the business of those places in which they might be situated. [4,290.] If the trade of banking were thrown open to competition, the public would be greatly benefited by it, provided they were protected from its consequences. Bankers are always sufficiently powerful and cunning to devise means for their protection, and for securing profit upon their capital; and for the accomplishment of that purpose they do not require the support of any monopoly or exclusive privileges whatever. But the public are not always upon the alert; and not being able to guard sufficiently against the undue influence of a bank pushing into circulation paper that is objectionable both as to quantity and security, it would be necessary, for the safety of the community, that restrictions should apply here in contradiction to the general principles of free trade, which principles are perfectly sound as to manufactures. As the issue of paper is not a coinage nor a manufacture, but a circulation of credit, restrictions ought to apply so that that credit shall not be injuriously used against the public. [4,291.] An absolutely free trade in banking would be injurious; while a partial monopoly, if such it ought to be called, would be advantageous in this way. In order to secure a sound system of currency, it should be founded upon a metallic basis. If such a system were established, then the aggregate amount of gold which the different banks would find it necessary to reserve as the basis of their circulation, would render the total circulation increased in numerical amount, and at the same time much more secure, because every one would keep enough of specie in his possession to prevent a depreciation of his notes. The metallic basis of the circulation being thus distributed among a hundred chartered banks, for example, placed in different parts of the kingdom, so as that they could not meet together, (as they might do were they all in London,) and devise some systematic plan of action, would furnish a more enlarged, as well as a sounder currency, than if the whole of the gold were concentrated in the hands of one body, whatever that body might be, and liable to

be exhausted by the demands of an indefinite number of banks scattered through the kingdom.

[4,292] There can be no objection to the Bank of England being one of these joint-stock banks, provided it were subject to the same restrictions in all respects, and possessed only the same privileges. Undoubtedly, from the vast capital of the bank, and from its unlimited credit, it would be some little time before these institutions could get themselves established, so as to displace the notes of the bank; and so far it might be right, because it would prevent a sudden change. But it is most likely that ultimately the system would be altered, and that the great mother bank would gradually dwindle down, so that it would not be profitable to use its capital in banking; and, in the meantime, the others would grow up. There is another circumstance connected with the bank, which would render it a less formidable rival than might be supposed from its capital and its unlimited credit; namely, that, as the bank of government, it is obliged to issue a large amount against a sort of security which does not return to it in the ordinary way that commercial paper does, inasmuch as it is hampered with the necessity of paying away seven or eight millions a quarter, which it cannot be certain of getting back, excepting as it flows from the treasury; but, in the interval, other banks would have an advantage in furnishing the commerce of the country.

[Burt, 4,501] With reference to the subject of security, Mr. Burt is of opinion, that a private banker should be bound to find security in all cases. If he have a sufficiency of funds, it can be no inconvenience to him; and if he have not such a sufficiency, he ought not to be permitted to issue paper money. But he should not be required to publish his affairs to the world. It would be an infringement of his personal liberty, to ask him any questions, either as to the amount of his capital, or as to the way in which he might choose to dispose of it. As to joint-stock companies, the proposed publicity of their affairs would be a sufficient guarantee for their solidity; and there is no doubt that, if the trade of banking were thrown open to competition, and the currency were to consist of the issues of joint-stock companies and of private banks that had given security, it would be perfectly satisfactory to the public.

CHAPTER XXVII

Opinions of Mr. Burgess with reference to the projects of making the Bank of England paper a legal tender—Of confining the paper currency of the kingdom to notes of that establishment—And of publicity of accounts—His views with respect to a demand of security from country banks—His objections to branch banks and to joint-stock banking companies.

I. LEGAL TENDER.

[Burgess, 5,533] If the branches were confined to the assistance which they give to the private bankers, and not to enter into competition with them, the establishment of those institutions would be advantageous, especially under the present regulations of the currency; and it is understood that in that case many private houses would be disposed to extend the privileges of the Bank of England in one respect, that is, in agreeing that its notes should be made a legal tender from licensed bankers. [5,536.] The effect of such an arrangement would be to reduce the amount of gold in circulation throughout the country; but it should be accompanied with another regulation, that of making the standard of value, and legal tender, to consist in silver. That would be a necessary accompaniment, [5,537,] because there is a great disposition among the community to rush for gold in any state of political agitation, and it is presumed that the same anxiety would not exist with respect to the other metal. In the first place, it is not so portable; and in the next place, it is not so easily kept in safety as gold. Silver is, besides, more readily obtained from foreign countries, and there is also something in taste and fashion:—the public like gold, and they have not the same fancy for silver. [5,541.] If silver were the standard metal, it would, most probably, leave the operations of banking, and the circulation generally, in a more undisturbed state than they can otherwise attain.

II. ONE GENERAL BANK OF ISSUE.

[Burgess, 5,322] Any arrangement under which the Bank of England should become the sole bank of issue throughout the kingdom, and by its branches take up all the business that relates to issue, would have pretty much the same effect, upon a great scale, as taking the silver from the general circulation of the country, and leaving only the gold. All the minor channels of circulation would be impoverished by it, and great difficulty would be encountered in performing small transactions in remote districts. It would be a different matter if branch banks of issue, in connection with the Bank of England, were

conducted by local managers, [5,323.] who should exercise a discretion as to the character and circumstances of the parties to whom the issues were made. But such a system as that would be quite foreign to the present rules of the Bank of England.

III. PUBLICITY OF ACCOUNTS.

[Burgess, 5,497] With reference to the project of publishing the accounts of the Bank of England, it would be an arrangement in which country bankers would feel little interest. Perhaps, at particular times, if the amount of the gold coming in or going out of the country were ascertained by the country bankers, it would have an influence upon their conduct that might be advantageous to them. [5,498.] The tendency, however, of their opinions, for the most part, is, that the publication of the accounts of the bank would at times facilitate runs upon that establishment, and be the cause of greater derangement than has yet been experienced. [5,499.] If the private bankers only, to the exclusion of the public, were informed of the principles and practice of the Bank of England, such communications would be valuable to them in the conduct of their business, because there would then be a sort of identity of action between the bank and the country bankers, which would be salutary to both. [5,504.] But if those communications were diffused through the public, they might cause an alarm, and create a demand for gold for the purpose of hoarding, and not for any mercantile object.

With respect to the publication of banking accounts which takes place half yearly in the United States, "we are," says Mr. Burgess, "in a very different condition from that of America. [5,512.] In that country there prevails almost universally a practical restriction upon cash payment, in the same manner that there does in Scotland, and resulting from the same feeling. I have seen a letter that arrived in this year, written during the panic of December and January which prevailed generally in the Union, [5,514,] describing the unpatriotic conduct, as it was called by the writer, of certain merchants who had demanded payment in cash from the banks, for the purpose of exporting it to England; and the writer, a man of considerable importance in the town in which he lived, said, he hoped those men would be marked in society for such conduct; and he described the terrible effects which were produced by it upon the general affairs of business, in consequence of the bankers being compelled to

restrict their usual accommodations to the public. I followed that information up by a question put to Dr. Macauley,* who was present when the letter was read: 'Are we to understand,' I said, 'that in America, though you profess to pay your notes in cash, yet that cash is rarely demanded, as would appear from this writer's remarks upon this transaction?' He said, 'It is a generally understood thing that the banks are to be protected from demands in cash, except for the convenience of making fractional payments.'" [5,514.] In Scotland, under the appearance of nominal competition, a real combination has existed during the last seven years against demands for specie, and for the maintenance of an exclusive paper currency.

IV. VIEWS WITH RESPECT TO A DEMAND OF SECURITY FROM COUNTRY BANKS.

[Burgess, 5,176 to 5,183] The committee of the country bankers assembled in London, agreed to a resolution some time since, that if they were called upon to give security for their issues, they would discontinue them altogether. For this determination they have various reasons; the strongest is, that the lodgment of such security would be affording a preference to one class of creditors over another; whereas the bankers regard their depositors quite as worthy of being guaranteed against failure as the persons who circulate their notes. By giving security in the public stocks, they would moreover lock up their own funds, which would not then be available for the purposes of banking; and they would be forced to encounter a risk by investing property in government securities, which at times they would not like. Such a measure would have this further effect, that it would create an alarm upon the part of depositors, and induce them to withdraw their money. There are many bankers, the amount of whose deposits is tenfold that of their issues; and they would regard it as an impeachment of their credit, if the government were to demand from them a security for their issues, which customers do not require for their deposits.

If the country bankers were to withdraw their circulation, it would throw extraordinary impediments in the way of the internal commerce of the kingdom. They should be considered generally as brokers of capital, and many of whom must cease to be agents for

* A gentleman from Baltimore, conversant with matters of finance and banking, who was lately in England.

borrowing and lending of money, if they were to be deprived of the convenience and profit derivable from their issues of notes. The consequence would be, that their banks would be shut up for want of lucrative business, and their customers would be excluded from the advantages which they now enjoy, for no joint-stock or branch banks could supply their wants in the same manner as private establishments do. The rules by which the branches are governed, would prevent them from lending money on the same easy terms upon which private banks make advances; and joint-stock banks cannot act without the sanction of a board of directors in each particular case that arises.

V. OBJECTIONS TO BRANCH BANKS.

[Burgess, 5,526] Amongst the country bankers there are many individuals entertaining their own private sentiments, which are opposed to the renewal of the exclusive privileges of the Bank of England: but there is no one leading point, except that of interfering with their own practice in the conduct of their business, to which the country bankers have indicated their general opposition in a formal manner. [5,527.] It is their decided opinion, that the branch banks should be dispensed with, or be employed only for the use of the private bankers in creating and distributing the currency. [5,528.] It would be desirable that they should not discount bills for the public; that they should not advise of the acceptances and notes of merchants and traders for payment, which they do at an under rate of charge; that they should not make payments and receive dividends; and, in short, that they should not interfere so much as they now do with the trade of private bankers. This, it must be admitted, is a view which the private bankers take, with reference to their own interests, of the branch establishments. [5,530.] Certain portions of the public, no doubt, receive advantages from those institutions; but it is conceived, that there are evils attending them which counterbalance those advantages. [5,531.] If the effect of competition with the country bankers by the branches were to make it impossible for the former to sustain that competition by the ordinary rate of profits, and to drive them from their ordinary position, the consequences would be exceedingly injurious to the public, because the branches cannot perform the important offices of a banker with the same efficiency as a man who devotes his whole life to the profession, and is committed to it in character as well as in fortune.

VI. OBJECTIONS TO JOINT-STOCK BANKING COMPANIES.

[Burgess, 5,216 to 5,224] There is a great fallacy prevailing respecting the advantages and conduct of joint-stock banks. Many of them acquire business in a mode that is highly objectionable. Instances have occurred in which persons connected with those establishments have tempted old customers from respectable private bankers, upon condition of having transferred to them a number of shares bearing a premium. In one case a sum of 500*l.* was gained by an individual who acted upon that inducement. A private banker of high respectability cannot canvass for business; but the joint-stock institutions have canvassers in all directions; every man who holds a share, or who has a relative holding a share, is a suitor for custom to those establishments.

It must be acknowledged, that some of the joint-stock banks are as safe as private banks, so far as their obligations to the public are concerned; but many of them are certainly upon a particularly insecure foundation. One of the rules generally adopted by those companies is this:—"Shareholders may have credit or advances on cash accounts to such extent of their stock paid up as the directors think proper." It is very well understood, that that extent includes the whole amount of money paid up upon shares. It is evident that such a rule as this is calculated to bring a class of proprietors forward, who do not purpose to make a moderate profit upon money so invested, but who are desirous of speculating upon borrowed capital; and many examples have occurred of very sanguine individuals without property embarking in those undertakings. Such a rule, moreover, gives a fallacious appearance of capital to a bank, for the whole of it may have been lent to its own subscribers, merely upon the security of their respective shares.

[5,235] Great objections have been raised against every description of business being carried on by joint-stock companies; and certainly the trade of banking forms no exception to the general rule in that respect. It is not improbable that the mischief that will result to the public, from the establishment of joint-stock banks, will be greater than that which will accrue from any other joint-stock companies whatever. [5,225.] There is one of these institutions in existence which has expended, in offices only, nearly one half of its whole paid-up capital. [5,236.] Another is known to have already made losses to three

or four times the extent of its paid-up capital, although the act has not been in operation above six years. [5,240.] There is no doubt that the cause out of which several of these establishments have grown, has been the refusal of accommodation from the private bankers in the immediate vicinity to some of the chief instigators of those new companies. [5,242.] It is not a legitimate object, nor is it conformable with any safe principle of banking, for any man, or set of men, to take shares in a joint-stock bank, in order that they might obtain from it loans of money. [5,246.] The directors and a favoured few receive assistance; but the great body of the community are excluded by inflexible rules from that degree of accommodation which the private bankers afford.

[5,253.] The lending of money to the productive classes of the country is a matter of great nicety; it requires an extremely delicate discrimination as to the character and circumstances of the party borrowing—a discrimination which the conductors of a public bank, who have not an individual interest in the management, rarely exercise. They are, consequently, liable to much greater losses than private bankers are exposed to, because they have not the necessary vigilance and experience, and are not so constantly animated by a desire for success as a private individual, who looks to the profit of his business as a means for establishing his family in life, and whose character is identified with his conduct. A striking instance lately occurred of this difference in the mode of action between a private and a public bank. [5,246.] The latter lent a sum of 15,000*l.* upon securities, on which the old private banker of the borrower had refused to advance 6,000*l.*; the borrower failed, and the joint-stock bank will lose at least 9,000*l.* by his bankruptcy. The liability of joint-stock banks to loss is still further increased by their branches, which are managed by agents. [5,254.] An instance might be mentioned of a loss to the amount of 20,000*l.* having been incurred, in consequence of the trust placed in a branch agent having been abused.

[5,257.] It is obvious, that in proportion to the smallness of paid-up capital which joint-stock banks require, their dividends will be proportionably large; and that therefore, by calling for a small capital, and paying a large dividend, they exhibit a false appearance of prosperity. [5,258.] The possession of a large amount of paid-up capital, which would give perfect security to their creditors, would compel them to make smaller dividends; and in point of fact, [5,261.] those banks that have

the largest paid-up capital command the lowest per-centage of premium upon their shares, as they cannot always use a very large capital to advantage.

[5,228.] As the law now stands, if a joint-stock bank were to fail, a creditor would have very great difficulty in recovering the amount of his claim against it. The act precludes him from arresting any of the co-partners until after judgment shall have been obtained against the secretary to the company, and it may be a year or eighteen months before he can reach any of the co-partners. Then, if the partner against whom he proceeds be not a solvent person, he must have recourse to another, and another; [5,232.] and instances have been known in which creditors have been so annoyed by the interposition of technical obstacles, that they have eventually relinquished their claims, and their law expenses besides. [5,230.] A joint-stock bank may therefore be established on the present system, and a great capital called out, all of which might be lent back to the persons that advanced it, upon no other security than that of their shares; and the bank, being left without any real capital at all, might issue notes and receive deposits, and lend large sums upon buildings, and then fail, and leave its creditors without any means of recovering the debt, except by process of law, which may be protracted for two years. [5,234.] In any state of the law, it might happen that a creditor who sued individual partners might recover, if he were a man of intelligence, activity, and determination, whilst persons that should be wholly unable to go to legal expense could commonly get no payment at all. [5,248.] Some few of these establishments have undoubtedly conducted their business with great prudence; but, generally speaking, the system upon which they are erected is unsound, and dangerous to the community. [5,245.] The failure of any one of them might involve a much greater number of individuals, partners, customers, and connections, than the failure of a private bank. [5,316.] The principle upon which such companies are formed necessarily exposes all the co-partners to a degree of responsibility, of which many of them may be ignorant, and which may cause the ruin of their fortunes. [5,321.] If the responsibility were limited, and the whole subscribed capital paid up, the evil would be considerably mitigated. But, under any circumstances, if joint-stock banks be much increased, there will undoubtedly be numerous instances of abuse, and of corrupt management. [5,248.] It would be difficult to suggest any alteration in the law, by which

they could be universally compelled to conduct their business with security to the public.

CHAPTER XXVIII.

Opinion of Mr. Easthope with reference to the existence of one bank of issue in London, and to publicity of accounts.

I. ONE BANK OF ISSUE IN LONDON.

[Easthope, 5,844.] A free trade in banking, though not without its evils, would, upon the whole, afford greater securities for a sound currency than the continuance of the bank upon the present plan of its exclusive privileges. The free system, especially if it were attended with publicity, would afford a safeguard against excessive issues and consequent revulsion, by one checking the other. [5,850.] The return of their paper upon banks dealing under competition would, in this way, effectually protect the public from a redundant circulation. [5,851.] Periods of great distress and convulsion would not occur under a free trade in banking, so often as they have arisen under the monopoly; for this obvious reason, that, assuming the trade to be completely controlled by public observation, it would not be subject to the same kind of jealousy and distrust that must always attend any system which is involved in mystery and concealment.

A difficulty would undoubtedly exist upon one point. [5,856.] It would be part of the duty of those who issue bank paper in London to manage the foreign exchanges; and the accomplishment of that purpose would be more perplexing if it were to be confided to ten companies than if it were left to a single corporation. There would, however, be probably less necessity to refer to the exchanges, if other checks were interposed. The bankers might agree amongst themselves to take measures for the effectuation of a common object, by interchanging their opinions freely, in the same manner as is now done by the London bankers, amongst whom a strict community of interest is understood to prevail. [5,866.] An intercourse of that description would not necessarily lead to combination; it might produce a sort of *concord* of the banking concerns, but it would not prevent their rivalry. [5,867.] It would comprise the advantages of communication, without the evils of monopoly. [5,869.] There is no reason why the principle of private interest should not have the same influence in banking, when free, as it has in every other trade that is relieved from restrictions. [5,848.] Nor can it be doubted

that, if its exclusive privileges were withheld from the Bank of England, a number of institutions would be speedily established in London, with capitals sufficient to render them perfectly solvent, and with a certainty that their affairs would be carried on in a manner conducive to the public benefit.

But it must be admitted, that the opinion here expressed, with reference to the establishment of numerous banks of issue in London, is entirely speculative. [5,864.] It cannot be denied that much would depend upon the prudence of the parties conducting them. [5,872.] When there is a rise of prices, and consequently a tendency to enterprise, great temptations are thrown in the way of a banker to augment his circulation. It is unquestionably his interest to increase his issues as much as he can, upon good security, in order to make profit consistently with his own safety. [5,873.] A discreet banker would look to his means, and render his accommodation strictly commensurate with his ability. [5,877.] That should be the guide of his transactions. He should not, as the bank directors do, mix up the character of a legislator (as to the currency) with that of a banker. [5,881.] There is, unquestionably, a certain class of bankers who would look to the principle of their own safety as paramount to all other considerations, [5,880;] but another class may be imagined, who would be governed rather by more direct views of what they would conceive to be their immediate interest. Much, in truth, may be advanced upon both sides of the question. "I am under an impression," says Mr. Easthope, [5,894.] "arising from one view of the case, that ten banks checking each other by the over issues acting to expedite returns, would tend to prevent repetitions of excess. Then I can imagine also a state of things by which there may not be that union and that concord, and in which different rival issues may for a time be thereby increased, as well as from a variety of other causes, such as every person accustomed to banking must remember in the course of his life. Prudence may be lost sight of by some part of the ten banks, and this of itself may lead to redundancy. Then, again, as it respects a single bank, though it be subject to publicity, yet I can imagine that the persons who are in the management may overlook the rules of discretion, and their responsibility to public opinion for a time; so that I have great difficulty about it; it is quite, in my view, a speculative question." "I am inclined, on the whole," he states in another part of his evidence, [5,884.] "to think that more security would be obtained by the

division of management, and from the increased publicity that would be gained from ten companies."

II. PUBLICITY OF ACCOUNTS.

[Easthope, 5,862] If the Bank of England were, however, compelled to publish its accounts, it would not be desirable, at least until after the effects of that improvement should have been fairly tried, that there should be any interference with its monopoly of the circulation of the metropolis. [5,863.] If the present system of issue were combined with all the advantages of publicity, it would, as being the least change in a case in which considerable doubt and great anxiety must prevail, be candidly pronounced to be the most expedient course. [5,864.] No danger could accrue to the bank from the periodical publication of the amount of bullion in its coffers; the great danger arises, in fact, from secrecy. There is at present just enough of concealment for the purpose of mischief, but not enough for the purpose of good. [5,911.] There is no reason why the public should not have positive information, from time to time, as to the amount of the currency. The issues of the bank should be always open to scrutiny; because they form the basis of the credit of the country. [5,931.] First there should be an avowal of the principles upon which the bank was to be conducted, and then a plain statement of its issues and assets, including the bullion. [5,934.] The form and frequency of the publication is a matter of mere detail; but the object should be to remove completely the concealment which now exists. In order to make a trial on those grounds, the charter might be renewed for a short period, the shortest in which the result of the experiment could be fairly proved.

(Continued at page 200.)

REMINISCENCES OF THE LATE STOPPAGE OF SPECIE PAYMENTS.

From the United States Gazette of May 12, 1837.

Proceedings of a Meeting of the Officers and Directors of the City and County Banks.

At a meeting of the officers and directors of the several banks of the city and county of Philadelphia, held at the Exchange on Wednesday evening, May 10, 1837, THOMAS SPARKS, Esq. was called to the chair, and JACOB FAIRB appointed secretary.

The proceedings of the meeting of the merchants and citizens, held at the Exchange, in relation to the suspension of specie payments, having been presented and read, a committee of one officer from each bank was appointed to prepare a preamble and resolutions,

who retired, and after some time reported the following, which were adopted:—

Whereas, under the peculiar circumstances in which this community finds itself placed by the suspension of specie payments by our sister city of New York, and whereas, in the existing state of the balances between the cities which would cause a certain abstraction of the chief part of our specie basis, much of which could never be reclaimed; and whereas, the measure has been recommended by a large meeting of citizens, to the proceeding of which publicity will be given in the morning. Therefore,

Resolved, That this meeting recommend a temporary suspension of specie payments as a measure which, however painful, will be less disastrous to the community and institutions of this city and county, than a vain attempt to continue its payment for all the obligations of the banks in the present state of things.

Resolved, That in the meantime, the notes of all the banks will be received at the different banks as usual in payment of debts and in deposit.

SUSPENSION OF SPECIE PAYMENTS.—The important step taken by our banks yesterday, has been regarded by intelligent citizens generally as the only measure left to them by the unhappy necessity of the case. But for this resolution, our city would have been drained of its specie within forty-eight hours, to answer the demands, and accommodate the brokers of New York and Baltimore. A large portion of the benefit of the measure would have been lost if any bank had declined to join with the rest. Great credit is due to the United States Bank for her accord, by which step Mr. Biddle has surrendered his reluctant consent, in obedience to the obvious interests of the community, without impairing, in general opinion, the stability or fame of his institution.

In this calamitous crisis, forbearance and moderation are absolutely requisite. The holders of bank paper will find that it is available, and will be deemed current by men of business generally, and the small occasions for specie for domestic purposes can readily be answered. Let every citizen feel, that in the present juncture, the interests of the banks are closely interwoven with his own; and forbear to seek revenge on them for an act of self-defence and unavoidable necessity. The provisions of the act of assembly of 1814, exhibit the plain result that every thing depends upon the kindness, co-operation and clemency of the community generally.

The change from gloom to cheerfulness was never more strikingly manifest than in the aspect of affairs between yesterday and the day before. The decision of the banks, to refuse to suffer their vaults to be drained of their specie, had a remarkable effect upon the community, which was evinced in the congratulations every where exchanged, and in the feeling of safety and confidence which seemed to prevail throughout the day as if an impending evil had been suddenly removed, and the public mind had been relieved from some undefined weight of apprehension. This feeling was particularly manifested in the conversation of our men of business generally, who talked of the brightening prospect, with a look of confidence and satisfaction, such as had not been witnessed in this community for a length of time. All seemed to look upon the temporary suspension of specie payments, under existing circumstances, as a step of wise precaution, and as furnishing the surer evidence that the crisis had passed. So many persist in considering the proceedings of yesterday as the harbinger of better things, that we cheerfully acquiesce in the gratifying belief.

On this subject the New York Express of yesterday says:—

"In 1815, when our banks were compelled to refuse specie payments, every thing went on better than it did before. All money matters were easier, and the public experienced no inconvenience. After the United States Bank was organised, specie payments were resumed throughout the country without the least difficulty."

SMALL BILLS.—To meet the necessities created by the withdrawal of the usual circulating medium, it will be perceived by the proceedings which we publish this morning, that the councils last night passed an ordinance authorising the issuing of certificates, signed by the city treasurer or his assistant, to the amount of one hundred and thirty thousand dollars, in such form and in such amounts, as the committee on finance may deem expedient. The said certificates, which will answer all the ordinary purposes of trade, are not redeemable until May, 1838, without the consent of the holder, and bear an interest of one per cent. per annum. Some measure of the kind was indispensable to supply the void created by the suspension of specie payments by the banks, and we doubt not will meet the entire concurrence of the community, for whose accommodation the arrangement has been made.

ORDINANCE.

The mayor of the city is hereby authorised to borrow, on the credit of the corporation, in such sums and in such times as the committee on finance may direct, the sum of one hundred and thirty thousand dollars, for which certificates to be signed by the city treasurer or his assistant, and transferable by delivery only, shall be issued in such form and in such amounts as the committee on finance may deem expedient. The said certificates shall not be redeemable without the consent of the holders thereof, before the 12th day of May, A. D. eighteen hundred and thirty-eight, and shall bear interest at the rate of one per centum per annum, payable when the same are redeemable, at the office of the city treasurer.

Enacted into an ordinance, at the city of Philadelphia, this 11th day of May, A. D. 1837.

WM. RAWLE,

President of Common Council.

J. PRICE WETHERILL,

President of Select Council, pro. tem.

Attest—LEVI HOLLINGSWORTH, Clerk of C. C.

The New York Courier and Enquirer of yesterday, gives the following notice of the stock market in that city:—

"Money matters having at last reached a crisis by the suspension of specie payments, it will be seen by the sales of stock yesterday, that all descriptions have advanced in prices from five and a half to twenty-two per cent. United States Bank since the transaction of yesterday has gone up five and a half, Delaware and Hudson seventeen, Farmers' Trust ten, Ohio Life and Trust twenty-two, Harlem Railroad fifteen, New Jersey Railroad eleven, and Boston and Providence fifteen per cent.

From the Delaware State Gazette.—Extra.

WILMINGTON BANKS STOPPED SPECIE PAYMENT.—At a meeting of the presidents and directors of the banks in the city of Wilmington, held at the Bank of Delaware, May 11th, 1837, JAMES A. BAYARD was called to the chair, and JOHN H. PRICE appointed secretary.

Whereas information having been received by express last night of the suspension of specie payments

by the banks in the city of New York, and of a meeting of the presidents and directors of banks in Philadelphia, presumed to be for the same purpose—

Therefore, on motion of James Canby, *resolved unanimously*, That as a measure of precaution, it is expedient for the banks in this city to suspend specie payments until the course taken by the Philadelphia banks has been ascertained—and in case the banks in that city have suspended payments in specie, that the suspension of such payments by the banks here be continued until the banks of Philadelphia resume the payments of their notes in specie.

Resolved, That the banks of this city will continue to receive as heretofore, the notes of the banks of this state on deposits, or in payment of debts.

Resolved, That this meeting adjourns to 10 o'clock, A. M.

JAMES A. BAYARD, Chairman.

JOHN H. PRICE, Secretary.

The adjourned meeting having met at 10 o'clock, JOSEPH BAILY was called to the chair, and GEORGE BUSE appointed secretary.

Information having been received since the meeting this morning, of the banks in New York, Philadelphia, and Baltimore, having suspended specie payments, therefore, as a measure of precaution—

Resolved, That the banks in this city, under the above circumstances, suspend specie payments for the present.

JOSEPH BAILY, Chairman.

GEORGE BUSE, Secretary.

From the New York Courier and Enquirer of May 11.

BROOKLYN BANKS.—For the two last days a heavy run has been made on the Brooklyn Bank, also the Long Island Bank, both of the city of Brooklyn, which caused considerable excitement. Yesterday at twelve o'clock, a meeting of the citizens was held in the Mechanics' Exchange in Front street, and Jeremiah Johnson, Esq. was called to the chair, and Joshua March and Nicholas Luquier were appointed secretaries. The chairman having briefly stated to the meeting its object, which was to recommend the citizens to sign a petition, to be presented to all the bank officers of the different banks in the city, to suspend paying out specie, it was approved by the meeting. The petition was unanimously signed, and the banks have come to the conclusion to suspend specie payments.

We are happy to add, that not the slightest disturbance has occurred in the city during the day, or up to the time of this paper going to press—the public being fully satisfied of the necessity imposed on the banks of suspending specie payments.

At a meeting of the New York Chamber of Commerce, held on Wednesday, 10th instant, it was

Resolved, That a committee of nine be appointed to confer with any committee which may be raised by the banks, by the Board of Trade, and other associations, in order to take such measures here, at Albany and at Washington, and elsewhere, as they may deem expedient in the present state of affairs, and to employ legal counsel to aid therein.

JACOB HARVEY, Secretary.

May 11, 1837.

10th May, 1837.

BOARD OF TRADE.—At a meeting of the board held this day, the following resolutions were unanimously adopted, and ordered to be published:—

Resolved, That as members of the Board of Trade,

we deeply feel and regret the embarrassments and derangement in which the exchanges, the currency, and the whole business system are at present involved, which have resulted in the suspension of specie payments in this city—and that we are confirmed in our opinion that the establishment of a NATIONAL BANK is the only permanent and effectual remedy.

Resolved, That we will do all in our power by mutual aid and forbearance, to restore public confidence and credit in this city and throughout the country.

Resolved, That in the opinion of this board, the banks in this city will be abundantly able to meet all their liabilities, and that so long as they continue to receive each other's bills, they will be a safe and convenient circulating medium, and we will take them in payment for goods and for debts due to us, and recommend others to do the same.

NATHANIEL WEEKS, *President*.

JOHN ELY, *Rec. Sec.*

From the Boston Daily Advertiser of April 25.

THE NORFOLK BANK.

Here is all we get from the committee of the legislature on the abuses of this bank, against which the legislature were warned long ago, but to which a deaf ear was turned, until the thing fell to pieces with its own corruptions, leaving \$3,000 in immediate funds to pay direct liabilities of \$120,000, and with \$2,000 in specie to redeem \$40,000 in bills in circulation. To account for the meagreness of this report, compared to that of the Commonwealth and Franklin banks, and the careful concealment of the names of the individuals who have borrowed \$316,000 of a bank with a capital of \$200,000, it is only necessary to say, that the managers of this concern are active, leading whig politicians. The whig committee admit that excessive loans to a few individuals have been the ruin of the bank, and yet no individual is named, while in the Commonwealth bank report every individual debt was specified.

Mark another fact. Here is a bank which has sunk \$200,000 of stock, and defrauded the public of at least \$40,000 in its worthless bills, and yet, say the committee, there has been no violation of law! What a comment on the banking system!

REPORT:

The committee visited the Bank of Norfolk on the 14th of April, and were presented by the cashier of said bank with a statement of the condition of the same, at the close of business on that day, which statement was certified as being correct by the oaths of the cashier and book-keeper.

From this statement, the committee find that the liabilities to be provided for by the bank, before any portion of the capital stock can be refunded to the stockholders, are as follows, viz.

Bills in actual circulation,	\$40,619 00
Dividends unpaid,	196 00
D. A. Sigourney, treasurer,	4,155 66
Deposites not on interest,	20,500 00
Deposites on interest,	5,391 04
Post notes,	23,600 00
Balance due Suffolk Bank,	34,026 87
Less special deposits in said bank,	8,000 00
	<hr/> 26,026 87

Making the total liabilities to others than stockholders, \$120,488 57

It also appeared, that the Suffolk Bank held, on the 14th instant, bills of the Bank of Norfolk, amounting to the sum of \$56,300, as collateral security for the balance due the Suffolk Bank, and to secure the pay-

ment of certain paper discounted by the Suffolk Bank for the Bank of Norfolk.*

To meet the liabilities of the bank, as before stated, the immediate resources of the bank are very limited, consisting of specie, 2,204 17 and bills of other banks and good checks for 871 90

Total, \$3,076 07

The other principal assets of the bank are, the banking house, said to have cost 5,600 00 and notes discounted, amounting to the sum of 310,441 48

Total, \$316,041 48

Of the value of a large portion of the notes discounted, the committee are *wholly unable to make any accurate statement*; many of them are past due, and others are on demand and of long standing, and a principal part of the stocks and other property pledged to the bank, cannot readily be converted into cash.

The committee deem it proper to state, that most of the debts now due to the bank were incurred before the present president and some of the directors of the bank came into office, and that their efforts have been constant, and to a considerable extent effectual, in reducing the liabilities of the bank, and securing its best interests, so far as was in their power.

It is the opinion of the committee, that by judicious management, the bills of the bank in circulation, amounting to \$40,619, may be redeemed in the course of a few months, and that the other liabilities to the public can be ultimately paid; but how much will afterwards remain to be distributed amongst the stockholders, the committee can form no correct estimate.

Although the present *unfortunate* condition of the bank has chiefly arisen in consequence of *excessive* loans having been made to a few individuals on accommodation paper, yet the committee do not find, that, in its management, there have been any *violations of law*; and as neither the public or individual good, would, in the opinion of the committee, be promoted by a longer continuance of its charter, they recommend that the same be repealed, agreeably to the provisions of the accompanying bill.

Respectfully submitted. For the committee,
ISAAC LIVERMORE.

Mr. Livermore, who makes this report, so carefully covering up the peccadilloes of his political friends, is the same gentleman who was so very officious in following up the Middlesex Bank. What gross political partiality is shown by some people, in their bank investigations.

Office of the Merchants' Transcript, New Orleans, Sept. 3.

On Monday last the presidents of our different banks met to discuss again the all-absorbing question of a resumption of specie payments; it is understood that they continued in their determination to resume on the first of January next, provided, "the United States Bank of Pennsylvania would furnish a circulating medium," but as yet Mr. Biddle (though it is now nearly three months since their application to him) has not given them any hopes of acceding to their request.

* From this fact it appears that the Suffolk is a general endorser for some of the country banks, and lends its credit to enable them to expand operations. How long is this row of bricks?

There is a great difference of opinion between the directions of certain of the banks and that of those recently created, not only as to the expediency of the measure, but also as to the ability of the institutions to resume; the former seem anxious to redeem their promises to the public, if they could do so without being compelled, for their own security, to assume a large amount of the paper of the corporations whose issues (especially the skeleton banks) are excessive; and the latter fearful of unpleasant consequences in case the specie banks do not assist them, are desirous of continuing the paper currency. Thus matters stand.

In the mean time the all-powerful voice of an indulgent community is heard crying aloud for long expected justice—our citizens are becoming restive under the inequality of the exchanges between this and the north, and are demanding relief.

Besides all this, petitions are being got up praying the legislature, which is to assemble the first week in January, to compel, if necessary, a resumption.

Office of the Bee, New Orleans, September 11th.

CONDITION OF THE BANKS OF NEW ORLEANS.—Comparative statement from the month of August to the 3d September.—From the comparative statement of these institutions, published by Mr. Charles Briggs, it appears that the circulation of the banks on the 3d of September, was as follows:

CIRCULATION.	
August 6th.	3d September.
\$7,500,713	\$7,011,148

From this statement it will be perceived that within the space of twenty-five days, these institutions have contracted their circulation \$490,565, or to speak more clearly, their debtors have paid up that amount.

Comparative statement of the Specie in the Vaults, from 6th August to 3d September.

SPECIE.	
August 6th.	September 3d.
\$3,418,337	\$3,653,631

It will therefore be perceived that, according to the above statement, the banks have increased their specie by \$235,294.

It is hence a well ascertained fact, that within twenty-five days, the banks have been enabled to diminish their circulation by \$490,565, and to augment their specie by \$235,294. Their present circulation is \$7,011,148, and the amount of their specie \$3,653,631, which would place them in a condition to pay about fifty-three per cent. on their actual circulation.

The condition of our banks has never been more advantageous than at present.

From the New Orleans Bee.

NEW YORK STOCK MARKET.—We have often been surprised at the vast amount of bank shares and other kinds of stock, that are sold in twenty-four hours in New York—these sales are always paraded in newspapers, in the same column with those of provisions, cotton, sugar and other merchandises, foreign and domestic, and seemingly they form data on which to base opinions relative to the credit and standing of named institutions, insurance and rail road companies, and other corporations. More of this business is carried on in New York than in any other city of the Union, and it is beyond all proportion to the greater amount of her population. We see nothing like it in Boston, Philadelphia, Charleston, or New Orleans. In New York, thousands of bank shares are bought and sold

in a single day. We see immense operations in canal and rail road stocks, appertaining to companies chartered as well by their own legislature as by distant States in the south and west. But these transactions on so grand a scale are known only in New York, which is owing as well to the immense amount of the commercial wealth of that city, as to the existence of an organized society of brokers, who deal exclusively in stocks and exchanges. These men have rules and by-laws which govern their transactions with one another and with the public—their business is conducted on a regulated system, from which no one can easily or safely depart. Hence may be inferred the extent of power which they can at any time exercise over the price of stocks, the rates of exchange, and all other moneyed transactions. Under this system sham sales are frequently made, in order to give a deceitful and fictitious value to stock. Sometimes we see under the appropriate head, in such a paper as the Express, an announcement like the following:—"On Saturday last, fifteen hundred shares of the Spider's web bank were sold at an advance of two and a half per cent. over our last quotation." Perhaps the sale actually took place, and in the most public manner; the raw ones are taken in, and are induced perhaps to make purchases of the same stock at the same or a greater advance. But these gulls soon find they were humbugged—the sale of the fifteen hundred shares is found to have been a sham, executed by owners of the stock with a view to take in the ignorant. Thus we have seen stockholders in faro banks (for these banks have their stockholders) secretly take money from the dealer and then sit down and dash on in the most extravagant hap hazard style, and after playing for two or three hours, or until a sufficient number of the bystanders had fallen into the pigeon trap, they would then, in the same secret manner, restore the amount of cash remaining in their hands to the dealer. The trick of the broker in the sale of bank stock is equally a trick with that of the dealer in faro bank stock, and equally unfair and culpable, inasmuch as the one and the other are intended and calculated to deceive the spectators by sham transactions. Under the system of stock brokers, an individual sometimes purchases thousands of shares with no greater amount of capital than the probable difference between the price of stock to-day and what it may be a week or a month hence. If the individual be in tolerable credit, a promissory note, covering the supposed amount of the difference, will be sufficient. This is sheer gambling—and by this game vast fortunes are lost and won in the stock markets of New York and Europe. But the mischief is not confined to the theatre of operations and the immediate actors. The sale is published in the newspapers. The news of the rise in the particular species of stock reaches distant parts of the country and Europe. Innocent persons invest their money in the same kind of stock, and perhaps they purchase for cash at an advanced rate, part of the same parcel which the stock gambler bought on credit, who thus perhaps realises fifty or a hundred per cent. on the amount which he only promises to pay.

We have no mode of gambling like this in New Orleans. Even the more reputable and honourable occupation of roulette and faro is carried on in secret and dark places, remote from public view and from the resort of respectable men. The individual who should presume to make a pretended sale of stock at the exchange before the public, and should be found out, would hardly be rash enough to show his face again in the same place till the affair were forgotten. Heaven only knows what changes may be wrought on the manners and feelings of our fellow-citizens by time

and example. But we trust they never will give into the absurdity and inconsistency of tolerating the public practice of stock-gambling, while they prohibit the more innocent and honourable exercise of undisturbed gaming at *faro*, *roulette*, and *rouge et noir*.

CONSUMPTION OF COTTON IN GREAT BRITAIN.

The following statement, the correctness of which may be relied upon, was drawn up for the New Orleans Bee, by one of the best informed merchants of that city. It exhibits the consumption of cotton wool in Great Britain, from the year 1810 to 1837 :

1810	-	-	-	310,200	Bales.
1811	-	-	-	311,000	"
1812	-	-	-	315,500	"
1813	-	-	-	373,100	"
1814	-	-	-	315,000	"
1815	-	-	-	338,400	"
1816	-	-	-	349,800	"
1817	-	-	-	411,300	"
1818	-	-	-	424,300	"
1819	-	-	-	428,185	"
1820	-	-	-	491,079	"
1821	-	-	-	489,728	"
1822	-	-	-	536,000	"
1823	-	-	-	537,000	"
1824	-	-	-	635,648	"
1825	-	-	-	564,516	"
1826	-	-	-	560,079	"
1827	-	-	-	713,833	"
1828	-	-	-	731,248	"
1829	-	-	-	745,057	"
1830	-	-	-	805,475	"
1831	-	-	-	873,154	"
1832	-	-	-	864,085	"
1833	-	-	-	884,887	"
1834	-	-	-	890,794	"
1835	-	-	-	944,216	"
1836	-	-	-	1,032,944	"
1837	-	-	-	1,080,155	"
Total,	-	-	-	16,956,613	"

N. B. The consumption of American or United States cotton having greatly increased of late years, as compared with other descriptions, which taken in connection with the increased weight of the bales, the comparative consumption in 1837 would be fully 1,200,000 bales against 310,000 in 1810.

Mississippi and Louisiana Cottons being usually sold in this market under the denomination of "Orleans Cottons," it is difficult to designate the actual annual production of each state separately; but that of Louisiana alone, within the last three years, may be assumed at 200,000 bales per annum, and the average production of sugar at about 80,000 hhds. in the same interval, exclusive of molasses, syrup, and rum distilled therefrom. This would represent an annual value of \$15,000,000 at the average prices then obtained for cotton and sugar alone, being the produce of Louisiana.

THE ENGLISH CURRENCY.—From the published accounts of the circulation of the private and joint stock banks, an increase of upwards of 800,000*l.* would appear to have taken place within the last three months. This is a somewhat large and rapid addition to the paper circulation, and has been occasioned by the revival of business in the manufacturing districts, and

the increased transactions in the American trade. There is, however, abundance of bullion in the country at this time to allow of a much greater extension of the circulation, should the state of business render it expedient, and the Bank of England be too slow in augmenting the number of its notes, for the notes of the northern joint stock banks are considered in the manufacturing districts to be quite equal to those of the Bank of England, if not preferable, as more readily convertible into gold. In the published accounts of the circulation of the private and joint stock banks there is, however, a deficiency in the present system, as not stating the amount of the securities, and still more the amount of bullion in possession of the respective banks. The object in publishing the assets and liabilities of the Bank of England is to enable the public to judge of the situation of the establishment, and to know if there be any probability of a contraction of the currency through the diminution of the supplies of gold. Since the adoption of this system the mercantile interests have certainly been benefited by the opportunity of a timely contraction of operations, which is in the power of every observant merchant or broker who perceives that this bullion at the Bank of England is becoming too low for the just proportion between paper and gold, and in a similar manner it is useless to publish the mere notes in circulation by the private and joint stock bankers, without the publication at the same time of the assets in securities and bullion, in order that a judgment may be formed as to the prospects of contraction or extension, as influenced by the proportions of the assets and liabilities of the provincial banks. This is the more worthy of attention at this time, when the issues of the banks are becoming suddenly so much increased, and when, consequently, the public are doubly interested in knowing the state of their assets, with a full knowledge of which, it is believed, the panics and other irregularities in commerce would much less frequently occur.—*English paper.*

COMPARISON OF THE VARIOUS FOREIGN GRAIN MARKETS.—Under the head of "Comparison of Foreign Grain with the English Market," there is given in a late London paper an article, which may be deemed to contain important information to readers on this side the Atlantic, in regard to the present and probable prices of bread-stuffs. We present its substance for the benefit of our readers. They may judge thence whether the sudden rise of bread-stuffs in England, is of itself sufficient to induce an equal rise in the United States.

It appears, then, that the highest average price of white and red wheat at Hamburg, was 47*s.* 2*d.* the quarter.

The highest average price of white and red wheat at Amsterdam was 50*s.* the quarter.

The highest price of prime white wheat at Berlin, was 46*s.* 10*d.* the quarter.

The highest price of prime red wheat at Antwerp, was 43*s.* 10*d.* the quarter.

The highest price of red wheat of the first quality at Stettin, was 44*s.* 3*d.* the quarter.

Now, the highest average price of prime white and red wheat at London, being stated at 76*s.* the quarter, it follows that the average price of wheat is upwards of 61 per cent. higher in London than in Hamburg;—52 per cent. higher in London than in Amsterdam; 70 per cent. higher in London than in Berlin; 51½ per cent. higher in London than in Antwerp; 67 per cent. higher in London than in Stettin. And that the price of wheat in the London market, is 60½ per cent. higher than the mean average of the foregoing five grain markets of the continent.—*Balt. Post.*

PENNSYLVANIA DEBT.

Extract from an Official Document.

On the 4th of December, 1835, the permanent state debt of Pennsylvania, amounted to \$24,330,003 32, as appears by the following list of loans, taken from the books of the auditor general's office of that date:

Stock loan per act	2d April, 1821,	..	\$930,000 00
do.	do.	30th March, 1824,	.. 600,000 00
do.	do.	11th April, 1825,	.. 150,000 00
do.	do.	1st April, 1826,	.. 100,000 00
Loan,	do.	1st April, 1826,	.. 300,000 00
do.	do.	9th April, 1827,	.. 1,000,000 00
do.	do.	24th March,	.. 2,000,000 00
do.	do.	18th Dec., 1828,	.. 800,000 00
do.	do.	22d April, 1829,	.. 2,200,000 00
do.	do.	7th Dec. 1829 and 4th	
		Jan. 1831,	.. 202,500 00
do.	do.	13th March, 1830,	.. 4,000,000 00
do.	do.	21st March, 1831,	.. 2,483,161 88
do.	do.	30th March, 1831,	.. 300,000 00
do.	do.	30th March, 1832,	.. 2,348,680 00
do.	do.	5th April, 1832,	.. 300,000 00
do.	do.	16th Feb'y, 1833,	.. 2,540,661 44
do.	do.	27th March, 1833,	.. 530,000 00
do.	do.	5th April, 1834,	.. 2,266,400 00
do.	do.	13th April, 1835,	.. 959,600 00
Loan for the Eastern Penitentiary, per	act 28th March, 1831, and 9th April,		
	1833,	..	120,000 00
Loan for the Union Canal Company,	per acts 1st March, 1833, and 16th		
	December, 1833,	..	200,000 00
			\$24,330,003 32

On the present day (18th August, 1838) the permanent state debt amounts to \$24,330,003 32, as will appear by the books of the same office, which show that all loans in the foregoing list remain due and unpaid except the permanent loan by act of 1st April, 1826, of \$100,000 which was paid off in May, 1837, and therefore the permanent debt is less than it was on the 4th of December, 1835.

DOMESTIC INTELLIGENCE.

RESUMPTION IN AUGUSTA.—The *Augusta (Geo.) Sentinel* of the 3d instant says:—"On Saturday last the banks of this city all resumed specie payments, including the branch of the state bank, which had previously resumed. The day passed off without any sort of excitement so far as we could perceive, and without any run upon any of the banks so far as we have heard."

The *Petersburg (Va.) Intelligencer* says:—"It has been a month since the banks of that place resumed specie payments in full; and we understand they have lost none of their coin. How different would have been the state of things had the sub-treasury scheme been fixed on the country! Many thanks to the firm whigs and small but patriotic band of conservatives for averting such an evil."

MICHIGAN BANKS.—We learn by the *Monroe (Mich.) Times*, that the bank of Breat, at Breat, and the Saline Bank, at Wash-tonaw, have been closed by injunction. It adds, that the securities are good, and cautions such of the public as hold their notes against sacrificing them.

We learn from the *Niles Intelligencer*, that the bank of Clinton has shared the same fate. It is silent as to its situation any farther.

SPECIE MOVEMENT.—The steamer *Riensi* brought from St. Louis to the mouth of the Arkansas river \$140,000 specie, destined, we learn, to be disbursed among the soldiers and Indians on the frontier.

The great Ohio canal cost \$4,244,539; its length being three hundred and thirty-three miles. During the year ending October 1st, 1837, the net income was something over \$230,000. Besides this great work, there are six other canals and two railroads in the state, either done or in progress. The commercial facilities of the state are very great. Of the seventy-five counties fourteen lie upon the Ohio river, and seven upon Lake Erie. Canals now made or making pass through thirty-two of them; railroads through six, and McAdams' roads five; so that of the seventy-five counties there are only eleven without improved means of communication.

THE NORTH AND SOUTH.—In the report of the committee of the southern convention, recently held at Augusta, (Geo.), it is stated (says the *Commercial List*) when the imports into the United States amounted to \$190,000,000, those of the Atlantic states south of the Potomac and of the Gulf of Mexico were only \$20,000,000. When the domestic exports of the United States were \$107,000,000, the southern and south-western states exported \$78,000,000. South Carolina and Georgia exporting \$24,000,000 yearly, imported less than \$3,500,000.

The canal fund of Illinois being exhausted, or at present not available, the state bank of Illinois has agreed to advance the sum of about eighty thousand dollars, which will prevent any suspension of the works, before the meeting of the legislature.

MORE GOLD ORE.—A specimen of fine gold has been found on the land of Mr. Thornton Ash, in Fauquier county, Va. A new vein also has been found in Parker's mine, in Montgomery county, North Carolina, near the surface. About 160 hands are profitably employed in gathering the treasure. Pieces weighing 3 lbs. and 2 lbs. 3 oz. have been found. Some new and encouraging discoveries have recently been made at the Berringer mine. Reid's mine, which has been the most productive of any yet discovered in North Carolina, is also improving.—*N. Y. Star.*

Ferdinand and republican dollars at Canton on 13th May were at a premium of one per cent.; Carolus IV. 12 per cent.; United States bank bills at six months' sight, 4s. 4d.; private bills on England, at six months' sight, 4s. 4d. a 4s. 5d.; no government bills in market. Export of teas from Canton to the United States from 1st of July to the 14th of May, in 27 vessels, 168,562 chests.

MONEY AFFAIRS.—Letters from Gen. Hamilton, in England, say that his affairs of 5 per cent. South Carolina stock at 95 (to rebuild Charleston) had been accepted as soon as made. He had disposed of a million of dollars at that rate, and would return in the Great Western. A negotiation has been made here, by which a bank in Alabama has been authorised to draw on one of the banks in Wall street, at sight, for \$1,500,000.—*N. Y. Jour. Com.*

ALABAMA.—A letter from Prairie Bluff, Alabama, dated the 5th instant, says:—"The crops through the section which I have passed are very fine, and the planters are busy in picking. I have seen about 100 bales of new cotton, and the first boat will probably take some down; there are 12 bales here waiting for a boat. The dry weather is now injuring the cotton, and if we do not have rain soon, it will materially affect the crop. I have ridden all day and not found a place to water my horse, except from a well, and

have passed over bridges fifty feet long, the creeks of which were as dry as a bone. The mills have all stopped, and people are suffering for corn meal and other things of the kind. I understand at Woodville they ask $6\frac{1}{2}$ cents for a drink of water, which they have to haul six or seven miles.

BRITISH FUNDS.—The highest price which consols ever reached was 107, in the year 1737; and the lowest price to which they ever fell was 47 3-8, in the year 1797. The extreme depression of 1797 was caused by a scarcity of money, and by the alarming political events of the times, which threatened the existence of the British government. The high price of 1737 could only have been caused by a favourable state of political events, and by a greater superabundance of money, or speculation, than has existed at any time since. The present price is 93 $\frac{1}{2}$. All these prices are stated upon consols bearing an annual interest of 3 per cent. The present price would seem to be very moderate, when compared with the rate of interest, which on commercial discounts does not exceed 3 to 4 per cent. per annum.—*N. Y. Jour. Com.*

LUMBERMEN'S BANK.—Some of our contemporaries are too fast in saying that the Lumbermen's bank has been reascituated. This is not the fact. There are some negotiations now in progress for transferring the stock into the hands of eastern capitalists, who have been entirely unconnected with the concern heretofore. If these shall terminate successfully, of which we think there is strong hope, there is little doubt that the bank will be revived upon an entirely new and substantial basis. If they should fall through, the prospect we think is very dark for the renewal of business; however, the present indications are such that we would advise bill-holders not to make any sacrifice. If this new arrangement should fail, we think the bill-holders will eventually get the full face of the bills, if they have the patience of Job.—*Western Bulletin.*

The Erie Observer states that the notes of the Lumbermen's bank are not good, nor is there any probability that they ever will be.

SALES OF STOCK AT PHILADELPHIA.

September 24.

\$7900 Drafts on New York,	100	100
6 shares Schuylkill Bank,	51 $\frac{1}{2}$	50
50 " " 30 days s. o.	51 $\frac{1}{2}$	
10 " Girard Bank, 30 days b. o.	53 $\frac{1}{2}$	50
50 " " 30 days b. o.	53 $\frac{1}{2}$	
5 " Man. & Mech. Bank,	56 $\frac{1}{2}$	50
91 " Union Bank, Tenn. C. & P.	92 $\frac{1}{2}$	100
10 " Vicksburg Bank,	80 $\frac{1}{2}$	100
4 " Girard Trust,	25	
10 " Norristown Railroad,	24	50

SALES OF STOCK AT NEW YORK.

September 22.

200 shares U. S. Bank,	123 $\frac{1}{2}$	
10 " Morris Canal,	69	
650 shares Del. and Hudson Canal,	79	78 $\frac{1}{2}$
250 " Ohio Life and Trust,		108
250 " Kentucky Bank,	93	92
425 " Vicksburg Bank,	80 $\frac{1}{2}$	80
250 " N. J. Railroad & T. Co.	103 $\frac{1}{2}$	103
665 " Harlem Railroad,	67 $\frac{1}{2}$	66
110 " Stonington Railroad,	54 $\frac{1}{2}$	54 $\frac{1}{2}$
50 " Boston & Providence R.R.,		105
159 " Mohawk Railroad,	74	73 $\frac{1}{2}$

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

September 22.

Bills on London, 60 days sight,	94 $\frac{1}{2}$ a 94 $\frac{1}{2}$ p. cent. prem.
" France,	5 17 $\frac{1}{2}$ a 5 20 fr. p. doll.
" Holland,	40 $\frac{1}{2}$ a 40 $\frac{1}{2}$ ct. p. guild.
" Hamburgh,	35 $\frac{1}{2}$ a 36 ct. p. mc. ba.
" Bremen,	79 $\frac{1}{2}$ a 80 ct. p. rix doll.
" Boston,	par a $\frac{1}{2}$ discount.
" Philadelphia,	$\frac{1}{2}$ a $\frac{1}{2}$ do.
" Baltimore,	$\frac{1}{2}$ a $\frac{1}{2}$ do.
" Richmond,	1 $\frac{1}{2}$ a 2 do.
" N. Carolina,	3 $\frac{1}{2}$ a 4 $\frac{1}{2}$ do.
" Charleston,	1 a 1 $\frac{1}{2}$ do.
" Savannah,	1 $\frac{1}{2}$ a 2 do.
" Augusta,	1 $\frac{1}{2}$ a 2 do.
" Mobile,	5 $\frac{1}{2}$ a 6 do.
" New Orleans,	3 a 3 $\frac{1}{2}$ do.
" Louisville,	2 a 2 $\frac{1}{2}$ do.
" Nashville,	5 a 5 $\frac{1}{2}$ do.
" Natchez,	6 a 7 do.
" St. Louis,	2 $\frac{1}{2}$ a 3 $\frac{1}{2}$ do.
" Cincinnati,	1 $\frac{1}{2}$ a 2 $\frac{1}{2}$ do.
" Michigan,	10 a 12 do.
" Detroit,	4 a 5 do.
American gold,	7 premium.
do. new coinage,	par a $\frac{1}{2}$ do.
Spanish dollars,	2 $\frac{1}{2}$ a 3 $\frac{1}{2}$ do.
Carols do.	5 a 6 do.
Mexican dollars,	1 a 1 $\frac{1}{2}$ do.
Half dollars,	par
Five-franc pieces,	94 $\frac{1}{2}$ a 94 $\frac{1}{2}$ cents each.
Doublons,	\$16 40 a \$16 50 do.
do. patriot,	15 60 a 15 68 do.
Sovereigns,	94 85 each.

WEDNESDAY, SEPTEMBER 26, 1838.

THE CURRENCY.—Of what does a currency consist?

This is a question which many persons are not capable of correctly answering, but as it is one, a right solution of which is indispensable to all correct reasoning on the subjects of finance and banking, we will endeavour to elucidate it.

There are some writers on currency who describe it as consisting not only of what is commonly understood by money, including coin and bank notes, but also embracing promissory notes, bills of exchange, bonds and mortgages, and every other species of written obligation circulated from hand to hand, and they consequently suppose that in giving an estimate of the amount of the currency, at any given time, all these things must be enumerated. Others again suppose that the currency consists only of the coin and bank notes in circulation, and they hence conclude that if they can ascertain the amount of these two items, they have accomplished all. This latter opinion it is which leads so many persons to reason falsely as to the ability of banks to maintain specie payments. They imagine that this ability in a bank depends solely on the proportion which the specie in her vaults bear to her notes in circulation, and hence we see, in the newspapers, a constant reference to the small circulation of a bank as proof of her limited expansion and secure position.

Both these views are erroneous. The currency of any given place, the expansion or contraction of which

raises or lowers the prices of commodities, consists of 1. The coin in circulation. 2. The bank notes in circulation; and, 3. The deposits standing to the credit of people in the different banks, which are payable on demand.

That the coin in circulation is a part of the currency needs no argument to prove. So soon, however, as specie payments are suspended by the banks, coin becomes more valuable than bank notes, and is withdrawn from circulation. It then becomes merchandise, and ceases to be a part of the currency. Thus, in estimating the amount of the currency in the United States a year ago, the specie would not have been included. So far indeed from its constituting a part of the currency, it absolutely required that the brokers and dealers in coin should keep on hand a quantity of what really constituted the currency, to transfer it from the sellers to the buyers, thus in fact diminishing the quantity of money required for other purposes, instead of augmenting it.

That the bank notes in circulation also constitute a part of the currency, is too evident to require proof. By being in circulation, however, is meant their general receivability at what is called par, in payments by individuals and banks. Bank notes which are not so received, and which require to be sold to the brokers, constitute no part of the currency. They even require currency in the hands of the dealers to transfer them from the sellers to the buyers, as in the case of coin above referred to. Thus, if a million of dollars of Mississippi bank notes were to be received in Philadelphia, they would not augment the currency of Philadelphia any more than the receipt of a million of dollars worth of cotton. As matters at present exist in Philadelphia, the notes of each of the sixteen banks constitute a portion of the currency. But if doubts of the ultimate solvency of any one of them were to exist, which would induce the public and the other banks to refuse to receive them, they would immediately cease to be a part of the currency, and would only be transferable by sale, the same as the Mississippi notes above described.

That the deposits standing to the credit of people in the different banks, payable on demand, is also a part of the currency, is easily demonstrated. Such deposits entitle the owners to draw out from the banks, specie or notes to an equal amount at any moment they please, and any person can perceive that the power of the holder of a deposit to make purchases for cash, is precisely the same as that of the holder of specie or of bank notes. The only difference between them is, that one has his specie or bank notes in the iron chest or pocket-book of the bank, and that the other has them in his own iron chest, or in his own pocket-book. If all the merchants of Philadelphia who have balances standing to their credit in the different banks were to-morrow to draw them out in bank notes, the currency would not by that process be augmented to the amount of a single dollar. The holders of the bank notes would not be able to purchase to the extent of a dollar more than they could have done before, and there would be no depreciation of the currency from this

augmentation of that particular portion of it which consisted of bank notes. So, on the other hand, if the merchants of Philadelphia were to deposit to-morrow in the different banks all the notes and specie in their possession, the currency would not by that process be diminished to the amount of a single dollar. The holders of the deposits would be able to purchase precisely to the same extent as before, and there would be no contraction of the currency from this diminution of that portion of it which consisted of bank notes. Inconvenience would no doubt be sustained by the necessity of drawing checks for small amounts, but that would not affect the truth of the proposition.

It is, however, proper here emphatically to remark, that the deposits which we describe as composing a part of the currency, are only the deposits which are payable on demand. All deposits payable at a future day, are mere debts due by the banks. They cease to be currency the moment the right of immediate convertibility into coin or bank notes is parted with. Any one can see this, by a very simple illustration. If a man deposits to-day in the Philadelphia bank one thousand dollars in the ordinary way, which he may draw out the next minute, he is the possessor of one thousand dollars cash, and can make purchases or pay a note with the amount whenever he pleases. But if he has agreed with the bank to let his money lie for a week, he is not in the interim the possessor of a thousand dollars cash, and he can neither buy goods for cash, or pay a note with the amount, any more than the man who is without funds to-day, but expects to receive funds in a week.

The same is true of bank notes not immediately payable on demand. A post note, before it becomes due, is no more a part of the currency than the promissory note of an individual. It will not buy goods for cash or pay a note to-day, and can only be immediately available to the holder, like any other security or obligation, by being sold for currency.

It follows from what has been said, that if it is desired to know the real condition of a bank, as regards its ability to maintain specie payments, her immediate liabilities both in the form of notes in circulation and in that of deposits must be taken into the account, and hence all published statements of the condition of banks which do not give the amount of the deposits as well as that of the notes in circulation, are calculated to mislead, and throw no light whatever on the subject. A bank with a million of dollars in specie might have notes out to the amount of no more than ten thousand dollars, and be insolvent, inasmuch as such a bank might have deposits payable on demand for two millions.

TERMS.

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"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept perpetually. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locks on Money.*

Vol. II.

WEDNESDAY, OCTOBER 3, 1839.

No. 14.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

(Continued from page 941.)

CHAPTER XXIX.

Observations on the improvements suggested with reference
to the trade of banking in England.

The reader has now before him, in a condensed form, the substance of the whole of the evidence which was taken during the last session of parliament, by the committee of the house of commons appointed to enquire into the expediency of renewing the charter of the Bank of England, and into the system on which banks of issue in England and Wales are conducted. In endeavouring to give order and connection to the broken masses of materials with which I have had to deal, it is possible that I may have overlooked some points, and mis-stated others. If so, I shall most cheerfully submit to correction; but censure I hope I have not deserved. In preparing the preceding pages, I have laboured with the utmost caution to be at once accurate and impartial. I have had no preconceived theory to sustain—no antipathies to gratify. When I first took up the report of the committee, I was indifferent as to the conclusions to which it might lead, and I am still perfectly disinterested as to every question which it involves.

My leading object, in attempting to impart a popular shape to the matter comprised in that very valuable report, has been to assist in diffusing through the community the practical information which it contains with respect to the general subject of the banking trade. It may be stated, without fear of contradiction, that there is no department of the economical system of this country so little understood by the public at large, as that of the circulation by which its internal transactions are carried on. It wears to them all the appearance of a mystery; and this obscurity is,

perhaps, one of the most powerful agents in causing and aggravating those panics, justly defined by Johnson as sudden frights without cause, which at different epochs of our commercial progress have spread disaster through all classes of society. It appeared to me a useful labour, though not unattended with considerable difficulty, to collect together the lights which have been lately thrown upon this subject by intelligent men, practically conversant with all its bearings. And although the statements, which they have advanced, tend, in more than one instance, to conclusions that are irreconcilable with each other; it may, nevertheless, eventually happen, that from these very conflicts of opinion the spark of truth shall be elicited, and the line of action be discovered which is most consonant with the general welfare. It need hardly be observed, that of all the witnesses who appeared before the committee, with, perhaps, one or two exceptions, each had a decided interest of his own to sustain, and a hostile set of notions to combat. A director of the bank would naturally be favourable rather to the extension than to the restriction of the privileges of that institution. The London banker would of course be anxious to preserve his business from interference; while similar motives would operate upon the minds of such of the witnesses as are connected with country banks and joint-stock banking companies. It is not intended by this remark to insinuate that the testimony, as to matters of fact, delivered by any one of the witnesses, ought, therefore, to be considered as justly liable to suspicion; but it must be admitted to be highly probable, if not, indeed, inevitable, that their opinions should have received a particular bias from their previous habits and personal interests, especially when they had to express them before a tribunal, by whose ultimate decision those interests would be more or less affected. Individuals of high personal character, of remarkable intelligence, and of very extensive experience, are thus ranged on different sides of nearly all the questions at issue; and if the investigation be still further pursued, little more, perhaps, will be gained than an acces-

sion of auxiliaries to each of the classes of opinion already arrayed in collision.

There are, however, some principles that would seem to be pretty nearly settled by the weight of the evidence already adduced. The committee have declared in their report, that the information which they had collected was not so complete as to justify them in giving a decided opinion upon any of the points to which their enquiries were directed. No doubt, each member of the committee, who attended to the evidence, was disposed to entertain some views of his own upon those points, although a majority might not have agreed with respect to them. The minutes taken in secrecy have been disclosed to the public, manifestly for the purpose of exciting discussion, and maturing opinion out of doors. I trust, therefore, that I may be considered as not wanting in just deference to the committee, but, on the contrary, as rather promoting the object which they had in view in promulgating the evidence, if I indicate such of the principles as appear to me to stand out in relief from the mass of facts and speculations which they have accumulated.

In the first place, it is evident, that even if it were possible, it would not be expedient, to have, in this country, an exclusive metallic currency; the transactions of our commerce of every kind are so immense, that they could not be practically conducted through the sole instrumentality of gold and silver coin. It follows, therefore, that we have no choice as to the adoption of paper money of some description; and that, really, the only question is, whether and how we can obtain a currency by which the public shall be likely to suffer the least detriment.

The general complaint is, that the paper already in circulation has occasionally produced great injury to the community, by the alternations of expansion and contraction which it has undergone. Without desiring to justify those parties who have sometimes tampered with the currency from a regard to their own interests, it may, I think, be stated as a principle, that no circulating medium can exist, whether consisting exclusively of paper or metal, or whether composed of both, which can be protected by any arrangements from variation in value. It is in the very nature of things, and no legislation can prevent it from following the course of trade. Supply and demand, abundance or scarcity in the articles which form the objects of traffic between man and man, and nation and nation, will produce a perpetual fluctuation in prices, and prices will of necessity always govern the value of the currency.

If, then, we must have paper money, in order to conduct our enormous commerce, and if there be no possible mode of guarding that currency from fluctuation; the next point is, who are the parties by whom it ought to be issued? Some say, by the government. But the objections in England, especially, to a state paper circulation, are insuperable. We are, and doubtless always shall be, as long as our liberties endure, exposed to the risk of popular commotions. They are incidental to our political system; and the apprehension of provoking them to a dangerous extent, especially now that our constitution has been relieved from many of the abuses of antiquity, forms one of the most salutary checks that can be devised for controlling the executive and even the legislative powers of the empire. If any such commotions were to arise, the paper of the government would be speedily reduced to the condition of the assignats which were at one period issued by the authorities in France, unless, indeed, it were instantly convertible into gold. If it were so convertible, the gold would be rapidly exhausted in perilous times; and in seasons of tranquillity, as the store of bullion could not be ever much under twenty millions sterling, it would be an instrument too powerful to be entrusted to the hands of any ministry, who might convert it into a weapon against the liberties of the people. I suspect, that during the three days in May last, when there was no responsible government in this country, the public alarm would not have been mitigated by the fact of twenty millions of money, or even half that sum, being locked up in the coffers of the cabinet.

If these objections be unanswerable, then it follows, that the issue of paper must be entrusted to sources altogether distinct from the government—to individuals, or numbers of individuals associated together for that purpose. Now it is a principle of our circulation already settled, and one that could not be departed from without producing more evil than might perhaps be easily compensated by any other arrangement, that, from whatever source the paper money emanates, it shall be uniformly convertible into gold. But this would be utterly impossible, if every man who had a shop were permitted to issue his own paper. The issuers must be persons of credit, or their paper will not circulate. The facility of conversion presupposes a deposit of gold to some extent in their coffers; and, in order that they may be able to preserve the necessary proportion of a metal in itself unproductive, they must of course be permitted to gain a reasonable profit on their circulation; for, otherwise,

they will have no motive to embark in such an undertaking.

Now, if banks of issue were established in all parts of the country, in such numbers as to reduce the circulation of each to a sphere within which only trifling profits could be acquired, the parties would gradually abandon the business, until a number remained adequate to the wants of the community, and at the same time likely to obtain a fair remuneration for their risk and trouble. Thus we arrive at the existence of a series of monopolies—for such each bank of issue must of necessity be, if it gather to itself the business of the sphere in which it is placed. It may be added, that any interference with that monopoly which is injurious to those banks, must also be injurious to the sections of the community whom they supply with paper; and thus, monopoly, though the term be odious, becomes, with reference to banks of issue, a positive security for the convertibility of paper into gold.

It may have been observed, in the preceding pages, that the most active of those gentlemen who propose to throw the banking trade open to competition in the country by the establishment of joint-stock companies, nevertheless contemplate certain provisions by which each of such establishments should be without a rival company within its own district. This is monopoly, and not free trade; but it would be a necessary monopoly; and what is called free trade, in the full meaning of that justly popular phrase, would be ruinous to the trade of banking, and consequently detrimental to the public.

So also, with respect to the introduction of numerous banks of issue into the metropolis; it is admitted, that they would be obliged to regulate their issues, as far as possible, by reference to the exchanges; and this they could not do without a combination, or, as Mr. Easthope terms it, a *concordance* of their respective interests. This, again, would end in monopoly; but it could not be otherwise if such banks were to be established; for unless they acted in concord, they never could retain the gold in the country.

The Scotch banks* were originally founded upon the principle of free trade; they were allowed an unlimited number of partners, and are still permitted to issue one-pound notes. But what has been the consequence? Those very establishments, which were intended to be mutual competitors, have combined against a metallic currency. They act upon the principle of monopoly in that respect, and they

have so far succeeded in their purpose, that when they are pressed for gold, they are obliged to apply for it to the Bank of England; they cannot obtain it in Scotland, from which their paper has by concert expelled it.

The chartered banks of America are upon a similar principle.* But so difficult has it been found to compel them to retain a sufficient proportion of metal, as a security to the public, that commissioners are appointed to inspect them from time to time, in order to enforce the law. But they have contrived to evade its provisions, by combining to assist each other with a sufficient supply while the commissioners are going round, and thus half a million of coin may do the work of ten times that sum. It is moreover uniformly held out by the bankers as an unpatriotic act in an American citizen to demand coin for paper to any considerable extent, and they would appear to have actually fused this sentiment with public opinion in that country. What is this but monopoly?

Privilege is in fact, to a certain extent, an indispensable element in the system of banking; it is the price which the public must pay for gold, simply because the issuer of paper convertible on demand must derive from his profits a sufficient motive for providing the gold, and keeping under his control a certain proportion of that metal, which, while it is in his hands, is so much dead stock. Putting, therefore, aside the prejudices which are usually associated with the idea of monopoly, the next point for consideration is, by what means the public can obtain the best security for the convertibility of the paper currency. It must be premised, that no system can be reduced to practical operation, by which gold shall always be provided to the amount of the whole of the paper in circulation. If the government had indeed twenty or thirty millions to spare out of the exchequer, it might invest them in ingots of gold, and bury them in the cellars of the treasury, by way of safeguard against all possible alarm. But the certain annual loss upon so much unproductive capital would be hardly compensated by the security which it might afford against a mere contingency—a contingency that might not happen for years, and which, even when it did take place, would not be likely to create a degree of injury to the community at all commensurate with the loss previously sustained. Such a measure, even if the state of the taxation allowed it to be carried into effect, and it were not objectionable upon constitutional grounds, would in fact entail upon the country

* See Appendix K.

* See Appendix L.

much of the pecuniary evil of a perpetual panic.

If the issuers of paper were compelled to reserve gold to the amount of their whole circulation, no paper would be issued, because it would not be profitable. They generally calculate the proportion of their issues which they will be able to maintain in the hands of the public, and that which they may be required to exchange for gold from day to day. The greater the credit of the bank, the longer its notes will remain out; and it has been seen that, generally speaking, the country bankers, whose notes are fully accredited in their respective districts, seldom reserve so much as one third of their circulation in gold. The rule of the Bank of England is to consider one third of its total liabilities, circulation and deposits, as its just proportion at a period of full currency. This proportion is high, but it arises from the liability of the bank to be called upon to exchange for gold a proportion of the country bank circulation as well as its own.

When I say that the proportion of one third in gold is high for the Bank of England, I mean that it is more than in ordinary times the public are likely to demand in exchange for its notes. Paper is so much more convenient than metal to all those persons through whose hands large sums are constantly passing, that they prefer it to gold for the transaction of business; and this is the simple solution of the enigma, which many persons cannot understand, when they are told that, if the bank have eighteen millions of paper in circulation, and only six millions of gold in its vaults, it is still perfectly solvent.

The public have yet to become familiar with this principle of banking—a principle in all respects sound in itself, and consistent with a healthy state of the currency. The true standard of the credit which any bank is entitled to receive, is to be found, not in the amount of its immediate treasure, but in the extent of its capital. If any individual, or set of individuals, willing to undertake the issue of paper money, be possessed of substantial property, whether that property exist in land or houses, or money in the public funds, they might be safely permitted to embark in such a trade to the extent of their capital, upon the condition, that if they failed to administer their currency in a manner satisfactory to the public, the state might have the power to stop their further progress, and to sell their capital for the payment of their creditors. The successful execution of this general principle would require that some authority, appointed by the government, should

be informed from week to week of the whole state of the concern, in order that its liabilities should be kept within the range of its assets. It would not be difficult to effect an arrangement by which the banker should be at liberty, under official superintendence, to render his assets available, so long as his business should appear to be prudently conducted.

If this principle be admitted as the basis of the banking system in this country, it decides the question of the renewal of the bank charter. We have seen that the capital of that institution exceeds its liabilities by about nineteen millions sterling; so that it is almost an impossibility that it can ever eventually fail in its engagements. It may be drained of its gold treasure, and it may not be able, under certain supposable circumstances, to resume cash payments for a season; but still there are the nineteen millions of property, over and above all its debts, as a guarantee for its solvency to the extent of forty shillings in the pound.

But why give the Bank of England a monopoly, at least to the extent which it now possesses? This question may be answered by another: Why do the legislature—why do the public of this country require a currency resolvable into the most precious of all the metals? All the other countries in Europe are satisfied with a silver standard; but we have a little commercial pride about us, and we must assert our superiority in wealth over the other nations by requiring our standard to be of gold. In my humble judgment, the ambition of our royal merchants might have been contented with at least a mixed standard of gold and silver; but whether it be of one or the other, or both, no establishment can supply metal on a larger scale to the country, which has not a very considerable extent of privilege as to the issue of its notes.

And in the case of the Bank of England, let us enquire to whom, in point of fact, the privilege has been hitherto conceded. Is it to the governor and twenty-four directors? No such thing: it is to the governor and company composing that corporation; and of whom does that corporation consist? In one sense it may be said to consist of the public; for any person who chooses to pay the market price for a share, when a share is to be sold, may become by purchase a partner in the Bank of England. If this be a monopoly, and a wealthy one, I should say that it is one which ought to be encouraged in a commercial country, if for no other reason than this, that it is open to property, and furnishes, therefore, a strong incentive to the humbler classes of the community to be industrious

and frugal, in order that, if their just ambition happened to take that direction, they might one day become members of the richest company in the world. It is, in truth, a mercantile democracy, founded in wealth, and governed by good sense. From the list published last year, it appears that the number of proprietors composing it is not far short of three thousand one hundred and fifty, of whom the great majority belong to the middle orders of society. There are not, in the whole, more than twenty-two peers in the list; it includes only four bishops: almost all the remaining proprietors, with the exception of a few public companies and charities, are bankers, merchants, professional men, and persons belonging to the trading classes, of whom nearly seven hundred are widows and spinsters. Of these three thousand one hundred and fifty proprietors, one hundred and eight appear to have purchased their shares within the six months preceding the 17th of April, 1832; so that if the bank be a monopoly, it is one that is constantly changing from one hand to another, and has about it none of the evils of a close corporation.

We have seen the mode in which the governor and directors of this institution are selected; and however objectionable it may be in point of principle, I hope that in practice it may never be altered. Considering the large number of proprietors who are entitled to vote at elections, that they are dispersed over all parts of the united kingdom, and that a few of them even are foreigners, it would be utterly impracticable to collect the sense of a real majority of the whole upon any one occasion. Even if that were possible, how are persons living in retirement, and wholly unconnected with the business of London, capable of judging as to the fitness of the persons whom any zealot might propose as candidates for the management of their affairs? If the elections were conducted upon the pure principle of right, they would of necessity fall into the hands of a few ambitious, perhaps sanguine individuals, who would undertake the trouble and expense of ascertaining the will of the whole constituency, under the hope that they should be themselves elected. But most certainly persons of that description would be the least fitted of all others, for conducting the delicate operations of the Bank of England. The system which now prevails secures those individuals for the direction, who offer the best guarantee for their conduct in their known experience, their successful management of their own business, their personal abilities, and their virtues both public and private. The existence of such an

institution as this, and governed by such men, is among the most splendid ornaments of our country. It tends to sustain a high tone of moral worth in the community of London, and to furnish a powerful check against those practices which, in other nations, have too often sullied the mercantile character.

This noble establishment, independent as it is of the monarch and his ministers, and the aristocracy by which they are surrounded—this institution, essentially belonging to the people, I, for one, would leave as it now stands, with, however, a few alterations, to which no objection ought to be entertained. Assuming a board of control* to be appointed by government for the superintendence of the whole banking trade of the country, it appears to me that the state of the bank should be laid without any reserve before that tribunal every week; that the board should have power to publish, at its own discretion, the accounts of the bank periodically, and that a penal rate of interest should be fixed, which the bank should allow on its notes, if at any time it should be unable for a short interval to pay them in gold or silver coin. The board should not be empowered to interfere in any way with the management of the bank, which should be left entirely to the responsibility of the governor, deputy governor, and directors.

With respect to the branches of the Bank of England, it appears unquestionable that they are eminently useful to the districts in which they are established; but they should be restricted to the functions which are exercised by the parent institution. That is to say, they should only supply coin, take deposits without interest, accommodate the local bankers, and discount at a rate higher than that prevailing in the towns in which they are placed. If it be necessary, as I think it is, that the country bankers should still be encouraged to carry on their business, they ought not to be interfered with by the branches to a greater extent than the London bankers are by the Bank of England. It is much more beneficial to the public at large, that they shall be secure of the convenience which country bankers afford, than that a comparatively small number of individuals shall get their bills discounted at a low rate of interest.

The arguments advanced in the preceding chapters, against the expediency of reducing the whole paper currency of the kingdom to

* The expenses attending such a board might be defrayed out of annual sums, payable to the state by each of the banks in proportion to their circulation, as a consideration for their charters.

that of the Bank of England, appear to me to have an irresistible weight. It seems to be the safest course to adopt the habits which already exist, rather than to attempt to enact new ones for any part of the country. Local paper, when long accepted, on account of the known responsibility of the issuer, will serve as a check against universal panic, if ever the notes of the Bank of England should be discredited from political causes; and, on the other hand, those notes will fulfil the same office, whenever the country issues are discredited from causes of a commercial nature. Besides, it is evident that in the agricultural districts especially, the local banks could not afford the accommodation which is required of them, if they had not the power to issue their own paper. It may be true that those banks who lend upon promissory notes and personal character, sometimes act indiscreetly and sustain losses; but in the great majority of instances, they prevent the ruin of the farmer by their reasonable assistance; and it is desirable that such a system should exist in some parts of the country, even though in point of general principle it be objectionable. The exceptions to general rules are sometimes as reasonable and as useful as the rules themselves.

Joint-stock banking companies, it also appears from the evidence, have been highly beneficial in some of the towns in which they are established. There is no reason why they should not be encouraged in the manufacturing districts, to which they are best suited; but they require to be regulated. Most of the improvements suggested by the Manchester witnesses might be adopted, and care should be taken that they are not multiplied to an extent that might bring them too much into competition with each other.

All joint-stock banks and private banks of issue, as well as the Bank of England, should be placed under the superintendence of the board already alluded to. Upon that board should be imposed the responsibility of advising the crown to issue charters; and all such banks, besides satisfying the board as to the certainty of their capital being commensurate with their intended issues, should render it weekly returns of the whole state of their affairs, which returns the board should be at liberty to publish in the *Gazette* in such manner, and at such times, as it should deem expedient.

Publicity is an excellent thing in itself. It is, generally speaking, the most efficient check that can be contrived against corrupt practices in any institution connected with the interests of the people. I am not sure, how-

ever, that in banking affairs it would be always discreet to tell the world how you are going on. If you make a show of prosperity, they will suspect it to be fallacious; if you confine yourself to a simple dry statement of figures, they will look upon it as too cautious—and caution is not distant from fear: if your prospects look downward, your credit is gone. An unbending legislative direction for continuous publicity in banking affairs at this moment, would appear to me the very reverse of practical wisdom. The public are certainly becoming every day more enlightened, but they do not yet understand even the alphabet of the currency, not to speak of all the rules that enter into its system. Obtain from all banks of issue a complete knowledge of their affairs: so far as they are concerned, the transmission of that information to an official quarter will have all the effect of publicity. But avoid the dangers to which inevitable publicity would be liable, by confiding to responsible officers a discretion on the subject. It is obvious that seasons might come when the same degree of publicity would be fraught with extreme peril to the currency, which at another time might pass altogether unnoticed.

To these alterations one more should be added, namely, that the Bank of England paper should be made a legal tender from all debtors but the bank itself. This measure would be a decided relief to banks of issue in the country, and it would enable the directors of the Bank of England to manage their paper currency with more confidence and liberality, as they would then know with a tolerable degree of certainty the amount of bullion which it would be necessary for them at all times to reserve. So long as the country banker is liable to pay in gold, the bank directors must provide for his payments as well as their own; and this circumstance imposes upon them a probably needless burden of bullion, which might otherwise be beneficially employed.

Some of the witnesses appear exceedingly anxious for the legalisation of charters upon the principle of limited responsibility. Where railroads are to be constructed, bridges thrown over rivers, steamboats to be multiplied, universities to be founded, or any other great public objects are to be accomplished, the profitable character of which seems doubtful, the principle of limited responsibility is eminently conducive to the public benefit. But it should never be introduced into the banking system, so far as the creation of currency is concerned. If men with sufficient capitals are already found in abundance dis-

posed to embark in that trade at the risk of their whole fortunes, there is no reason why speculators should be allowed to establish banks of issue upon a less responsible system. It would be unjust towards the Bank of England, whose whole capital is answerable to its creditors; it would be still more unjust to the private bankers in every part of the country, whose entire property is already pledged to their depositors and to those who hold their notes.

These remarks, however, do not apply to banks of deposit circulating Bank of England paper exclusively, and not licensed to manufacture notes of their own. There can be no solid objection to the formation of joint-stock banking companies with limited responsibility, provided that they do not create any portion of the currency. If they confine themselves to the circulation of notes of the Bank of England, they can only procure these notes by the outlay of real capital; and no state of prices can render their operations mischievous to the community, because they must act with a currency already in existence. I can conceive that in South Wales, for instance, where there is at present but a very small amount of circulation compared with that which is required for the agricultural transactions of that part of the principality, such a bank, if it could be constituted with a sufficient paid-up capital, would unquestionably be productive of the most beneficial consequences.

But as to country banks empowered to issue paper, their responsibility should remain, as it now is, altogether unlimited. At the same time, whether they consist of only one individual or a thousand partners, they ought all, undoubtedly, to have equal facilities in the way of making their paper payable in London, and of drawing upon agents there for any sums they may require. Under the new system, their notes should, as they might safely, be receivable in revenue payments; for it would be exceedingly unjust, under such a system, to draw any distinction between the notes of country banks and those of the Bank of England. If the board, by granting a charter to a private or joint-stock bank, stamp its circulation as a safe one for the public, it must be equally safe for the exchequer. The dividends might further, as has been suggested, be rendered payable every six weeks, by dividing the stocks into two classes for that purpose. If these arrangements were made, they would, in all probability, afford to the country a secure and an abundant currency, which no convulsion short of a total dissolution of society could materially injure.

It must be added, that the general interest of the country absolutely requires that these, or some other final regulations, should be effected as speedily as may be consistent with a due consideration of the whole subject. It is not for the good of trade, whether foreign or domestic, that the parties entrusted with the creation of the paper currency should be left much longer in uncertainty, as to the conditions upon which they are in future to conduct their establishments. No temporary expedient should be resorted to, since any such measure would tend only to prolong the evil which already exists, and which, I understand, is felt throughout every branch of our industry. As to a brief renewal of the bank charter, for the purpose of affording time for further investigation, I trust that no proposition of that kind will be made: if it be, I very much doubt whether it ought to be accepted. The income derived by the bank from their circulation forms but a secondary portion of their profits; and though considerable in itself, it might be advisable for them to abandon the issue of notes altogether, rather than accept a mere provisional grant of privilege, which ought not to be conceded at all, unless it be, as I think it is, indispensable to the commercial convenience and enterprise of the community. As to the country bankers, their business will be wholly ruined unless the legislature forthwith replace them in the position, from which they have been for many years declining.

In the views which I have taken of this question, I have endeavoured to keep my mind free from theories, and to adhere strictly to what is practicable, and likely to meet the approbation of reasonable men. We cannot always have that which is absolutely the best. Optimism will not do in the common affairs of life. Even when we clearly see that which is apparently the most perfect, we must still content ourselves with following that which the complication of many interests will admit of, as the least objectionable in the way of compromise. We may, perhaps, in time arrive at the great desideratum of currency—a single bank of issue for the united kingdom. But before that point can be attained, the community must be well informed as to the principles upon which paper circulation is founded, and they must especially be accustomed, under a discreet system of publicity, to acts of self-restraint, emanating from the certainty and exactness of their knowledge, and from an habitual firmness of commercial confidence which no political changes can disturb.

SUMMARY OF LAW.

CHAPTER I.

Capital stock and constitution of the Bank of England.

In consideration of a loan of 1,200,000*l.* contributed in shares by various persons, foreigners and natives, an annuity of 100,000*l.* was granted* by parliament, to be applied to the use of the subscribers. [5 and 6 W. & M. c. 20.] Their majesties were authorised† to prescribe rules for rendering transferable the stock thus created, and to incorporate the contributors by the name of "The Governor and Company of the Bank of England," to whom powers were given to purchase and retain lands, rents, teneaments, and hereditaments of any description, and to alien the same. No person or body politic or corporate was allowed to subscribe on the whole more than 20,000*l.*‡ The bank were allowed to issue notes§ to the amount of the stock thus lent to government;|| they were forbidden to trade with their stock in goods, wares, or merchandises;¶ but they were authorised to deal in bills of exchange, bullion, gold, or silver; to sell any goods which might *bona fide* be deposited with them by way of pledge for money lent, and which should not have been redeemed within three months after the time agreed upon, and also to sell the produce of any lands belonging to the corporation.** They were further prohibited from purchasing crown lands, and from lending money to government without the authority of parliament.†† If any sum were to be advanced without such authority, the governor, deputy-governor, directors, managers, assistants, or other members of the corporation agreeing to the same, were each of them to forfeit treble the amount of such sum for every such offence. Moneys payable under the act were exempted from taxes;‡‡ and the privileges thus conceded were rendered redeemable upon a year's notice, after the 1st of August, 1705.§§

[8 and 9 W. & M. c. 20.] The capital stock of the corporation was soon after augmented; and it was enacted,||| that during its continuance "no other bank, or any corporation, society, fellowship, company, or constitution, in the nature of a bank, should be erected or established, permitted, suffered, countenanced, or allowed by act of parliament within this kingdom." The bank were authorised to issue notes payable on demand to

the extent of their whole capital; in default of payment, the notes issued against the new capital were to be paid at the exchequer, out of the first moneys payable to the bank (the annuity of 100,000*l.* excepted.)* Regulations were made for registering transfers of stock, and for carrying them into effect;† [8 and 9 W. III. c. 20.] for making dividends on the stock payable every four months;‡ and for causing eight of the twenty-four directors to go out of the management every year.§

There are provisions in this, and all the subsequent acts, under the authority of which the capital stock of the bank was from time to time increased, for incorporating the new with the old subscribers; for exempting the stock of the bank, and the annuities payable upon it, from taxes of every description; for protecting such stock from foreign attachments, according to the custom of London or otherwise; for rendering such stock, as well as the interest thereupon, personal, and not real estate, to go to the executor, and not to the heir; and for postponing to the different periods already mentioned the cessation of the corporation. In several of the statutes it is also provided, that no act of the corporation should subject the share of any individual member to forfeiture, and that no proprietor should be adjudged a bankrupt by reason of his share in the capital stock of the bank.

The time for making dividends was altered by 9 W. III. c. 3, s. 4, from four to six months; and subsequently, by 12 and 13 W. III. c. 12, s. 14, the dividends were directed to be paid "at such times only as shall be ordered by a general court of the governor and company."

After the enactment of 8 and 9 W. III. c. 6, it became a frequent practice with the government to issue exchequer bills; and from time to time arrangements were made with the bank for the purpose of sustaining the credit of that species of paper while in circulation; and when they were cancelled, the amount of them was usually converted into a debt from the state to the bank, and to an increase of its capital, for which additional annuities were granted to the bank by parliament. A transaction of this kind was the foundation of 7 Ann. c. 7, by which, instead of the very comprehensive clause contained in 8 and 9 W. and M. c. 20, it was enacted, that during the continuance of the corporation it should not be lawful for any body politic or corporate whatever, erected or to be erected (other than the Bank of England,) or "for any other persons whatsoever, united or to be

* s. 19. † s. 20. ‡ s. 23. § s. 29. || s. 26. ¶ s. 27.

** s. 28. †† s. 30. ‡‡ s. 35. §§ s. 31.

||| 8 and 9 W. & M. c. 28.

• s. 30. † s. 34. ‡ s. 48. § s. 51, 52.

united in covenants or partnership, exceeding the number of six persons, in that part of Great Britain called England, to borrow, owe, or take up any sum or sums of money on their bills or notes payable at demand, or at any less time than six months from the borrowing thereof."* Express provision was made† for the application of the income and profits of the bank, after payment of all expenses, to the uses of all the proprietors.

By 9 Ann, c. 7, the governor, deputy-governor, and directors of the bank are disabled,‡ during the period for which they are elected, from being chosen as directors of the East India Company; and directors of the East India Company are in like manner incapacitated, during the period for which they are chosen, from being elected governor, deputy-governor, or directors of the Bank of England. It was, however, provided,§ by 3 Geo. I. c. 8, that no member of the latter corporation should be disabled, by reason of any thing contained in that act, from being a member of parliament. The bank were authorised|| to appoint a chief cashier and an accountant general; and it was enacted,¶ that any vote or resolution of the house of commons, signified by the speaker in writing, and delivered at the public office of the company, should be adjudged a sufficient notice within the meaning of the act for terminating the corporation, after the time stipulated for such notice to be given. By this act, as well as by 1 Geo. II. st. 2, c. 8, and 2 Geo. II. c. 3, the privileges of the bank were further confirmed; and by 24 Geo. II. c. 4, it was enacted,** that the governor and company assembled in general court, might proceed to business without administering the oath and affirmation, and subscribing the declaration appointed by their charter, unless required thereto by nine or more of the proprietors present, and qualified to vote. It was further enacted,†† that the court of directors, when assembled in pursuance of summons, and informed that the governor or deputy-governor could not attend, or if either of those officers were absent at the usual hour of proceeding to business, might elect a chairman from amongst themselves, who should also be authorised to preside at a general court of proprietors, if any such court were at the same time summoned to meet.

The bank were exempted by 13 Geo. III. c. 32, from certain penalties enacted by 5 and 6 W. & M. c. 10, on advancing money to pay

bills of exchange accepted by the treasury, but not specifically lent on the revenue. Any doubts which existed as to their authority to issue promissory notes payable to bearer under five pounds, were removed by 37 Geo. III. c. 28, from which it appears that notes of that description were then in circulation. Soon after this, the first act for the restriction of cash payments, 37 Geo. III. c. 45, was passed, which was amended and continued by several other acts. By 39 and 40 Geo. III. c. 28, the exclusive privileges of the bank were continued* until twelve months' notice after the 1st of August, 1833.

Under the authority of 48 Geo. III. c. 4, the bank were directed to lay annually before parliament an account of the unclaimed dividends upon account of the national debt, and certain rates of allowance for the management of that debt were arranged. By 56 Geo. III. c. 96, their capital stock was settled at the sum of 14,553,000*l.* and it was enacted,† that until repayment of a sum of three millions advanced to government under that act, together with all interest to become due thereon, the promissory notes of the bank expressed to be payable to bearer on demand, should be received in payment of all moneys payable for or in respect of any part of the public revenue, fractional parts under twenty shillings only excepted. The acts restricting cash payments by the bank were continued by 59 Geo. III. c. 40, until the 1st of May 1823, which also permits the exportation of gold and silver. Gold coin is now the only legal tender,‡ and no tender of silver coin is legal beyond the amount of forty shillings.§

By 59 Geo. III. c. 76, it is enacted, that the bank shall not in future make advances to government upon the credit of exchequer or treasury bills, or other government securities, without the express authority of parliament.|| Whenever it may be deemed necessary for the public service to apply to the bank to make any advance so authorised, such application is to be made in writing by the first lord of the treasury, or the chancellor of the exchequer, to the governor and deputy-governor, to be by them laid before the court of directors; and a copy of all such applications made in the course of every year ending the 5th of January, together with a copy of the minutes of the proceedings of the court of directors on every such application, and the answer of the court thereto, are to be laid before both houses of parliament by the proper officer of

* a. 61. † s. 63. ‡ s. 8, 11. § s. 43.
|| s. 50. ¶ s. 55. ** s. 21. †† s. 22.

* Except as afterwards altered by 7 Geo. IV. c. 48.
† s. 4. ‡ 56 Geo. III. c. 56, s. 2. § s. 17. || s. 1.

the company, within fourteen days after the 5th of January in each year, if parliament shall then be sitting, or otherwise within fourteen days after the then next sitting of parliament.* But this regulation is not intended to prevent the bank from purchasing exchequer or treasury bills, or advancing money on the credit of exchequer bills issued by the treasury under 57 Geo. III, c. 48, for making good the deficiency of the consolidated fund, at the close of each quarter.† The bank are also authorised to exchange exchequer or treasury bills in their hands, when in course of payment, for others granted towards the supplies of the year upon which such bills so in course of payment shall have been charged.‡ The bank are directed by this act § [59 Geo. III. c. 76.] to lay before parliament a yearly account of all exchequer bills, treasury bills, and other government securities which they shall have purchased, or on which advances shall have been made to government.

* s. 2. † s. 3. ‡ s. 4. § s. 5.

(Continued at page 223.)

MASSACHUSETTS BANKS.

Minority Report on the order to aid the Banks in resuming Specie Payments.

HOUSE OF REPRESENTATIVES, APRIL 18, 1838.

The minority of the committee appointed to consider the expediency of extending to the banks any aid necessary to enable them to resume and sustain the payment of their obligations in specie, have considered the subject committed to them and report:—

That immediately upon their appointment, they addressed letters to ten of the banks in this city, from several of whom they have received answers.

They enquired of these banks,

1. If the banks of the city of Boston can resume specie payments?
2. Would aid from the commonwealth enable them to name an earlier day than they could do otherwise?
3. Will their resumption depend on the prior or simultaneous resumption of New York?
4. Will it depend on that of other cities or states?
5. If aid is needed, in what manner ought it be extended?

From the tenor of the answers received, the undersigned infers that the banks in this city do not require assistance from the commonwealth, to enable them to resume specie payments immediately after the banks of New York, which have determined to resume on the 10th of May next. In this opinion, the undersigned is confirmed, by the arrival of vast amounts of specie in New York within a few days, and the certainty that a still greater amount is out on its way.

The actual amount of specie now in the vaults of the banks of this state, is greater than it has been since 1824, and the proportion of specie to their circulation is nearly as great as it was from 1825 to 1830, and nearly twice as great as it has been on an average since 1830.

It is therefore the opinion of the undersigned, that

it is inexpedient to legislate on the subject referred to this committee.

ROBERT RANTOUL, Jr.

EXTRACT.

CITY BANK,
Boston, April 17, 1838.

Sir,—I have your favour of the 16th, and hasten to reply.

"In answer to your first enquiry, viz. In your opinion can the banks in Boston name an early day on which they will resume specie payments?" I answer they can—but I also answer they cannot sustain that resumption unless sustained by other states, who do not propose at present to name a day, unless a very distant one, reserving the right to any bank or state to use its convenience in resuming forthwith, or at any time which may suit its convenience.

"Will their resumption depend on the prior or simultaneous resumption of the New York banks?" The New York banks are certainly a very important point in this relation, but they are by no means the whole Pennsylvania and Maryland, Virginia, Carolina, and other great and important states in the Union, are so connected with us in consumption of our manufactures and producing the great staples, that I think they also deserve some consideration in regard to this question. It is well known that the policy adopted by New York and Massachusetts in relation to preparation for resumption has been unnecessarily severe, and in New York has caused almost a general suspension, even in very many cases of undoubted solvency—it has not been the case to the same extent in Massachusetts—during all which time, Philadelphia and Baltimore have kept on in the even tenor of their way, doing a pretty fair business and curtailing slowly, quietly and reasonably—having no fear of annihilation by their legislatures, as the banks of New York say they have been, if they are not prepared, and do not resume on the day fixed.

"How can specie payments be sustained without the concurrence of the four, at least three of the Atlantic cities, viz. Boston, New York, and Philadelphia, and it would be very desirable to get Baltimore, but not so vitally important; otherwise, if Boston and New York resume, curtailment must continue, we must continue to call in our bills, and destroy all of the little remnant of business we have, pitiful as it is.

By order of the president and directors,
ELIPHALET WILLIAMS, Cashier.

SUFFOLK BANK,
Boston, April 18, 1838.

ROBERT RANTOUL, Jr. Esq., Chairman, &c.

Sir,—Your favour of the 16th instant was laid before our board this day, and I am directed to say in reply, that we are of opinion that the banks in Boston are and will be ready to resume specie payments at any time when the banks in New York and Philadelphia will resume; and that we think that prudence will not justify an attempt at resumption, without co-operation of the banks in both those cities.

In answer to your other questions, I am directed to say, that we do not think the direct aid of the commonwealth *essential* in enabling the banks of this city to resume. It is, however, the opinion of the board, that great aid may be afforded by the action of the general government; and we would therefore venture to suggest the expediency of instructing our senators and representatives in congress to use their exertions in procuring the establishment of an uniform currency

through the United States, to regulate the domestic exchanges of the country, the deranged state of which appears to us to be now the only obstacle to an immediate resumption.

With much respect, your obt. serv't,
I. C. BAKER, Cashier.

TREMONT BANK,
April 18, 1838.

Sir,—The banks of Boston, it is believed, can resume at an early day, but when that is stated I wish to submit, that whether they could sustain a resumption, for even a moderate period or not, may depend on the state of banks which are not located here.

It must depend on the amount of the aid rendered, the conditions imposed, and the nature of the aid. Some banks would not need or desire any aid for effecting that object, it is believed.

Resumption in Boston will, I think, depend on simultaneous resumption in New York, but not on that alone; Philadelphia and Baltimore, and other places, are very much connected with us in trade.

Will it depend on the action of other cities or states?

I think it will depend on such action, and on that of congress also.

I do not think that the banks generally need any aid from the commonwealth, except a forbearance of all legislation in relation to them, and such an expression of confidence and good will as, in the judgment of the legislature, justice, prudence, and wisdom may dictate.

The curtailment within a short time in this city has been very great, and the consequence has been very general distress among the trading community, among men is deserved good credit, and it is so now to a considerable extent. If the law remains as now in regard to the twenty-four per cent. for non-payment of specie, little relaxation can be expected; stockholders would not be willing to jeopard their property to relieve the debtors, and expose themselves not only to loss, but what is worse, to reproaches and accusations.

Very truly your obt. servant,

SAMUEL T. ARMSTRONG,
For the Tremont Bank Directors.

GLOBE BANK,
Boston, April 18, 1838.

Sir,—The directors of this bank are of opinion:

1. That the banks of Boston are as able to resume specie payments as the banks of any other city—but that such resumption cannot favourably take place unless in concert with the banks of other Atlantic cities.

2. That aid from the commonwealth is not needed to hasten the desired day of resumption, which appears happily to be approaching as a matter of course:—nevertheless, the offer of such aid might have a good effect, by increasing the confidence of the community in the existing banks. That this confidence may be truly felt, the following single fact strikingly evinces. When the suspension took place in May last, specie in Boston was 12½ per cent. premium. It has within a day or two been sold at 1½ per cent. premium, making a difference of eleven per cent. in eleven months in favour of paper. This very favourable change, too, it should be remembered, has taken place in spite of the untoward influences against which the existing banks have been obliged to contend.

CHARLES SFRAGUE, Cashier.

BOSTON BANK,
April 18th, 1838.

Sir,—In reply to the interrogatories which you have

transmitted to them, the president and directors of the Boston Bank respectively submit—

1. That, considering solely their own interests, apart from those of this suffering community, the banks of Boston could name an early day for the resuming of specie payments.

2. Effective aid from any quarter would tend to sustain the confidence of the public, and might thus enable them to name an earlier day than they could safely do otherwise, especially if such aid should be afforded by the general government through the treasury department.

3 and 4. Their resumption "would be facilitated by the prior or simultaneous resumption of the banks of New York," together with those of other cities, with which those of Boston are intimately connected.

5. This bank is not aware that any aid "is necessary" from this commonwealth to the banks of Boston.

JAMES C. WILD, Cashier.
By order of the Directors.

MERCHANTS' BANK,
Boston, April 17, 1838.

Sir,—I have to acknowledge the receipt of your communication under date of 16th instant, propounding certain questions relative to the resumption of specie payments by the banks of Boston.

In answer to the first question, I give it as my opinion that the banks of this city can with entire safety to themselves and the community, name an early day on which to resume specie payments.

To the second question, I would reply, that although the banks of this city do not need aid from the commonwealth to enable them to resume, at an early day, if the legislature were to adopt some measure calculated to afford such aid, if required, it would probably have the effect of inspiring confidence in those who now entertain fears that it is impracticable for the banks to return to specie payments at present.

To the third question I reply, that so identified are the business and financial operations of New York and Boston, that it appears to me to be almost impracticable for the banks of this city to resume specie payments unless the New York banks also resume.

My reply to the fourth question I give in the negative, first excepting the action of the New York banks.

If the banks of New York resume specie payments at an early day, the banks of this city will, I believe, immediately co-operate in the measure, as in all probability will the banks generally in the New England states.

In reply to the last question I add, that not believing that the banks in this city stand in need of aid from the commonwealth to enable them to resume, unless it be as before stated for the purpose of inspiring confidence,—I do not think it necessary to name any mode by which aid should be extended.

I am, respectfully, your obedient servant,
FRANKLIN HAVEN, President.

ROBERT RANTOUL, Jr. Esq., Chairman, &c.

THE BRANDON BANK.

We learn from the last Jackson (Miss.) Sun, that the state commissioners have finished their examination of the affairs of this institution. The investigation was full and complete. Every book and every paper pertaining to the institution were unreservedly submitted to the commissioners. The report will soon be laid before the public.

The Sun adds—"We have undoubted authority for saying that the examination has resulted highly creditably to the bank—that it is in as good a condition as any

bank in Mississippi, and far better than a majority of them. The Brandon Bank will have the means of paying specie by the first day of next January. We have no doubt but the notes of this abused and persecuted institution will soon be regarded every where as equally valuable with those of the Planters' Bank.

From the Natchez Courier of August 11.

BRANDON BANK.—A statement of the situation of the Brandon Bank has been in town for two days past, which is kept secret, but we deem proper to make it public, to prevent speculation in the paper of the bank.

Enough of its tenor is known to relieve the public mind as to the safety of the institution; the influence of the report is already felt in the market, and Brandon money can now be sold for ten per cent. more than it could have been disposed of a few days since.

When the report is made public, the friends of the institution, however, will have nothing to thank the directors for in their administration of its affairs. The bank will be found widely extended in its operations, and its circulation fully as large as it has been at any time reported.

The bank nevertheless is solvent, and more than solvent, and may within a twelvemonth be placed in a safe and business-like condition, if its officers will pursue a steady, uniform course of retrenchment, and devote all their energies to the reduction of their circulation.

According to the statement referred to, the Brandon Bank owes its stockholders, . . .	\$2,085,260
Due to other banks, (nearly the whole amount is due to banks in this state,) . . .	368,617
For their bank notes on demand, on time, deposit certificates, and checks on time, they owe in all . . .	4,917,305

\$7,371,182

To pay which they hold the notes and bills of the planters of this state, (a large amount of which is said to be secured by judgments transferred,) . . .	\$7,165,408
Due from other banks, said to be by banks principally out of the state, . . .	396,796
Due from their cotton and cotton agency, . . .	610,255
These two last sums as a foreign fund, are worth at least 15 per cent. premium, say . . .	150,000
They exhibit in gold and silver, (rather a small showing,) . . .	38,292

\$8,360,661

From which deduct the amount of the liabilities as stated, . . .	7,371,182
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Leaving a surplus of assets, . . .	\$989,479
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This exhibits nearly one million of dollars over and above the demands which can actually be brought against the bank—of this sum also, it should be remembered that \$2,085,260 is due to their stockholders, and must (be the result what it may,) be the last claim paid.

There are other items in the report, such as sterling bills drawn by the bank. As the bills have been predicated on cotton shipped, we have not taken the item into the above statement. The bank also charges itself with a profit and loss account of \$492,188. This item they will surely not be wild enough to pay out to their stockholders, when they owe so much to the holders of their notes, and which, if paid, must either increase their circulation or decrease their northern funds.

Not having the report before us, we cannot give all the items it contains; but they will not materially alter the above statement.

From this statement no reasonable man will doubt the entire ability of the Brandon Bank to make good every dollar of its circulation.

Had the Brandon Bank loaned out her money in any other way than by securing the *fleecy possessions* of the Mississippi cotton planter, no power on earth could have saved her; and as it is, she will have to thank our productive soil for her safety, and not the handy-work of those who have administered her affairs.

BRANDON BANK.—The statement as made, exhibits liabilities to the amount of seven millions of dollars, to pay which the bank has *thirty nine thousand dollars* in specie, and mortgages and judgments from planters for the residue, with a surplus and an estimated balance in Europe of a hundred thousand dollars. This latter estimate will prove to have been *deceptive*. The fall of cotton in Europe has been so very great that very little balance, after reimbursing advances to the bank by the consignees, can be calculated upon from that source, and the little that will remain will very probably be arrested and applied to the payment of particular debts before it reaches the bank.

The same statement exhibits the Brandon Bank indebted to the Mississippi banks in the sum of three hundred and sixty thousand dollars, against which claims exist on such banks for ten thousand dollars—this balance, it is further alleged, has been attached. Consequently it will go to liquidate particular debts, and will in no wise contribute to the ordinary redemption of the notes of the banks, except so far as it may reduce the seven millions *devisor*. To defend itself against the litigation in which the bank has had the misfortune to find itself involved, and to pay the salaries of the officers in the institution, will require the whole amount of specie on hand—become the bank will have to fall back on six or seven millions mortgages to liquidate its own debts. Now admitting these mortgages to be ultimately good, and that they will eventually suffice, the public know full well that they cannot be calculated on to furnish cash means of redemption.

The debtors of the bank will purchase the bills at as great a discount as possible, and apply them at par to the payments of their debts to the bank, and this they will not do, as long as they can stave off payments, as the notes of the bank will continue to depreciate, and the longer payments are deferred, the greater will be the discount. Besides some of the planters will prefer purchasing negroes that they may raise more cotton wherewith they may pay their debts, rather than to make immediate payment to an institution which does not pay its own. Hence the bills of the Brandon Bank should be considered like other merchandise, to be bought and sold like plantations, negroes, and lots in new cities, with all due allowance for the daily augmentation of the amount of notes out, so long as the bank shall continue its issues, which, from the dates and stamps on the bills in circulation they still continue to do.

It is alleged that the bank has already obtained judgments against planters to the amount of one million. Supposing that it had obtained judgment to the full amount of seven millions, where are people to be found with gold and silver wherewith to purchase these plantations, or if the bank should retain them, and thus become a stupendous planter, with a thousand agents to carry on its agricultural operations, would not such a procedure only accelerate its downfall?—*N. O. Bee.*

THE BRANDON BANK.—We have a full statement of the condition of the Brandon Bank. It is a curious document. The ten directors owe to the bank as

payers \$596,930, and as endorser \$2,631,612. They own 7,065 shares. The bank holds their mortgages on 32,729 acres of land, 410 slaves, and 1,191 bales of cotton. We notice among the liabilities \$1,186,776 of sterling exchange.

WINDSOR BANK.

Harry Bradley, Esq. bank commissioner of Vermont, gave, in April last, the following as the result of his examination into the affairs of the Windsor Bank, at the same time remarking that "of the notes or bills receivable and entered as an item in the resources of the bank at \$139,595 37, a considerable proportion, say from 70 to \$80,000, will not soon if ever be realised. Much of it has been upon the suspended debt list for months and years, and of the funds in the hands of agents, Boston, say \$70,692 76, the probability of its immediate collection is by no means flattering."

Resources.

Notes or bills receivable, . . .	\$139,595 37
Bills in the hands of exchange agents, . . .	2,450 00
Balance due on book, . . .	904 51
Funds in the hands of agent, Boston, . . .	70,695 76
Bills of other banks on hand, current, . . .	1,814 00
Specie, . . .	528 73
Banking house, . . .	2,000 00
	<hr/>
	\$217,989 37

Liabilities.

Capital stock paid in, . . .	\$80,000 00
Bills in circulation, . . .	112,518 00
Due pension agent, . . .	12,985 00
Due depositors, . . .	859 25
Profit and loss, . . .	11,626 12
	<hr/>
	\$217,989 37

In consideration of the facts here stated, the bank commissioner has requested the state's attorney to present the case to the Supreme Court, at their next session in Windsor county, for their action and decision in relation to a vacation of the charter.

The Windsor Bank is not a safety fund institution—its charter having been granted prior to the adoption of the safety fund system by the state of Vermont.

Seven thousand dollars in specie were paid by order of two of the directors to the United States district attorney for the district of Vermont, during the pendency of the investigation by the commissioner; the debt previously due to the bank pension agent, i. e. the president of the bank, "who was in part the agent of the government for the payment of pensioners in Vermont," having been \$19,985.

JOINT-STOCK BANKS.

The secret committee appointed to enquire into the operation of the acts permitting the establishment of joint-stock banks in England and Ireland, and whether it be expedient to make any amendment in the provisions of these acts; and who were empowered to report the minutes of evidence taken before them, have considered the subject referred to them, and agreed upon the following report:—

In their examination of witnesses during the present session, your committee have avoided any renewed enquiry into the general object referred to them; but they have obtained evidence upon three very important questions which were not included in the proceedings of the last session.

1. The country branches of the Bank of England, their system of government, and the principles on which they are conducted.

2. The system of advances at three per cent. from the Bank of England to banks undertaking to circulate Bank of England paper in place of the paper of joint stock and private banks.

3. The question of the Bank of Ireland, the exclusive privileges of that corporation, and the expediency or inexpediency of those privileges being continued.

Your committee recommend these three questions to the serious attention of the house, as bearing upon the general subject referred to their consideration; and, in reference to the last, they are of opinion that the 1st Victoria, c. 59, should be renewed for one year, and that parliament should be placed in such a situation as to be free to adopt, in the next session, such legislative measures as, on deliberation, shall seem to be most expedient.

In the course of their enquiries, it has been strongly urged on the attention of your committee that one part of the law in respect to joint-stock banks stands in need of immediate amendment.

By the general law of partnership, the common law remedy for the recovery of debts which exist between party and party, is not applicable in cases where the debt is contracted between a partnership and one of the partners or shareholders. In such a case the remedy is by proceeding in a court of equity; and such a remedy in the case of a joint-stock bank is so cumbersome, so complicated, and so dilatory, as to afford no adequate means for the recovery of a just debt. This inconvenience is not wholly imaginary, but, from the evidence of Mr. Broadbent, one of the inspectors of the Northern and Central Bank, has already had most formidable and injurious consequences. Upwards of £400,000 is stated to be due to that bank from its own shareholders. This sum is now practically irrecoverable at law; and thus not only is that establishment precluded from winding up its own affairs, but the rights of third parties may be affected most seriously. The inconvenience or danger extends much further; because, if a similar defence were raised by debtors of joint-stock banks generally, a most serious blow might be struck at commercial credit, likely to produce the most calamitous consequences. This state of things should not be permitted to continue; but whilst your committee are of opinion that a bill to correct this inconvenience should be introduced without delay, they are unwilling that such a measure should be permanent in its character, or should be in force for a longer period than to the end of the next session of parliament.

By following this course, the law respecting joint-stock banks must be brought under early consideration, which, with a view to this object, as well as to the propriety of considering the whole of the evidence taken in the present and former sessions, your committee consider highly desirable.—*London paper.*

FRENCH MONEY MARKET.

London, April 5.

The spirit of speculation is raging to an extraordinary extent on the Paris stock exchange, and every post brings particulars of schemes started, and of manoeuvres practised by schemers, which bear a close resemblance to the state of things here in 1825. The phrensy in Paris has attained to such a height, it seems, as at length to have attracted the attention of the government and the chamber of deputies, where representative laws for checking the spirit of gambling abroad, and for punishing the unprincipled speculators and projectors, appear to be contemplated. In the recent discussion upon a new bankrupt law, several members of the legislature expressed themselves with

great warmth respecting the "cunning schemers fleeing blind victims with impunity," and the unreflecting rashness with which "so many people were throwing themselves into a career of blind hazard, and were seeking fortune by the most inconceivable means." * * * "Commercial disorganisation," says Teste, "is imminent; disasters will follow, and shortly victims will be innumerable, and the infatuation of the country deeply paid for." The extent to which schemes have been multiplied in France is surprising, the regular share lists quoting the prices of nearly 500 public companies of all sorts, besides a variety of other affairs not sufficiently reported to be favoured with a quotation. Among other manœuvres to entrap dupes, recourse has been had to distant lands. It is a common trick, as stated in a letter from Washington, to delude European capitalists with high flown representations of the value of certain lands in the United States, of which an example was stated at a recent sitting of the Academy of Sciences at Paris. It is indeed impossible to take up a French paper without encountering advertisements for numberless new companies for all sorts of objects, from rail road, iron and mines, down to "galvanised iron," "lithographic stones," "soap and stearine," and even for "the discovery of mines of coal and bitumen in the district of Senlis," with a multitude of others not at all less extravagant.

The causes of this irrational and gambling mania are variously accounted for, but it seems to be considered that the reduction of the general rate of interest, the higher prices of the funds, by which the return upon them is reduced in reality to about four per cent. and the reduction of the five per cents. still talked of, and more or less remotely likely to be effected, combined with the abundance of money arising from a generally increasing prosperity of trade during so many years of peace, have jointly tended to produce this state of speculative excitement. The reduction of the fives by one per cent. is calculated seriously to affect the smaller classes of renters in their means of subsistence, and this seduces them too readily to embark in any fine worded scheme by which their annuities would apparently be considerably increased.

The following, from the Register of the Chamber of Commerce of Paris, shows the rapidity with which joint stock companies have increased in France.

		Comp. Shares.	Capital.
In 1833	there were	55	28,125
1834	"	84	58,540
1835	"	106	47,522
1836	"	216	373,278
1837	"	238	586,769
			361,139,000

THE GOLD COINAGE.

The subject of the gold coinage is beginning to attract the serious attention of the private bankers in the city, its depreciation in weight now causing an immense quantity of sovereigns to be rejected by the bank of England, to the extent, some persons assert, of one half of all the daily payments which are offered at that establishment. In this course the bank of England is justified undoubtedly, the object of the regulation being to prevent the practice of "sweating" the gold coinage, as that nefarious operation is termed, by which a number of sovereigns are shaken in a bag, which is afterwards burned, and the gold dust collected from the remains. Owing principally to this practice the depreciation in the weight of the gold coinage is so rapid, that by experiments made at the mint in the year 1833, it was found that the sovereigns of 1817 had lost 8s. 10d. in each hundred pounds; those of 1821, 9s. 1d. per

hundred; those of 1825, 6s. 8d., and those of 1829, 6s. 2d. per hundred; whilst upon the half sovereigns coined in 1817, the loss, according to the same experiments, was as great as 16s. 4d. per two hundred; of 1821, 13s. 10d.; of 1825, 13s. 6½d.; and of those of 1829, 6s. 2d. per two hundred half sovereigns. At this time the quantity of gold rejected by the bank of England, and by the customs, excise, and stamp-offices, is so seriously complained of by the mercantile interests, that some remedy for these inconveniences and losses must be found, it is thought, before a very long time. The difficulty in the case is in the dispute which exists between the treasury and the bank of England as to which party is bound to pay the expenses of remelting the coinage of the country, the bank of England having formerly been at the cost of 70,000*l.* in remelting the silver coinage, of which only one half was allowed by the treasury; and then, after all, the question of liability had been in dispute for a great number of years. It would certainly appear only just that the government, by whom the coinage is used, should pay the expense of keeping it at the same weight at which it was originally sold to the public; but, on the other hand, to be continually repairing the frauds of the "sweaters" would only be an encouragement to the fraud. However this may be arranged between the treasury and the bank of England, it is clear that the loss ought not to fall on the public at large, and that some arrangement should be formed forthwith for the prevention of the great derangement in payments which is so much complained of by those whose transactions are extensive with the bank of England, the customs, and excise.—*London Chronicle.*

DOMESTIC INTELLIGENCE.

GEORGIA BANKS.—The Augusta Chronicle of the 5th Sept. says:—"We learn that all the banks in Columbia will resume specie payments on the 1st October next. The bank of Rome will also resume on that day. There remain now but two banks in this state to hear from, viz: the bank of Hawkinsville and the bank of St. Mary's, both of which institutions we have no doubt will be able to resume on the same day."

THE BANK OF CENTRAL NEW YORK is the name and style of an institution recently organised at Utica, under the general banking law. About \$160,000 is already subscribed to the capital stock, and the books will be opened for thirty days for an increase to \$500,000. From the peculiar advantages of the location, the stock must give large dividends to the stockholders; and the respectability of the direction warrants the belief that the institution will be conducted on sound business principles.

Wisconsin money is passable with only a few of our merchants, and with most of those only at 25 per cent. discount.—*Chicago Democrat.*

From the Newburyport Herald.

A traveller in Michigan states, that in every quarter excavations meet the eye, intended for railroads, canals, &c. Speculation, however, with all its wild phrensy and madness, has died away, and with it a lamitade and ennui has seized upon all who but a twelvemonth since, in an eighty acre lot, saw the wealth of Cresse before them. The farmers had reaped a bountiful wheat harvest, and it was calculated that Michigan would have a surplus of a million and a half of bushels, instead of being dependent upon Ohio for that amount. Very little, however, of it could be got to market before the next spring. A Buffalo merchant had contracted in Michigan city for 60,000 bushels at \$1 a bushel,

delivered in Buffalo, one half this fall, the balance next spring, at the opening of navigation. Politics were running high in the state, and both parties were sanguine of success.

LOSS AND GAIN.—A note for \$500 of the United States Bank, says the Grand Gulf Whig of the 7th of Sept., was sold here, a day or two since, for nine hundred and seventy dollars in Brandon bank paper.

From the Nashville Whig, Sept. 7.

Exchange on the East is down to six per cent. out of doors. Messrs. J. & R. Yeatman & Co. are checking on the Bank of the United States at that rate, and the demand being limited, it is probable that the banks will also come down in a few days, at all events they should not permit checks on "the monster" to be sold two per cent. lower than their own rates at their very doors.

Alabama money is two per cent. worse. We now quote buying rates 3 a 5 per cent. discount.

Banner Office, Sept. 6.—The pressure in the money market continues to increase. The most undoubted notes and bills cannot be cashed out of doors at a loss discount than from 1½ to 2 per cent. per month.

NASHVILLE MONEY MARKET.—The Nashville Whig of the 12th Sept. says:—"Exchange on Philadelphia is down to-day to five per cent. All the banks are exchanging at that rate."

The same paper quotes uncurrent money as buying by the brokers as follows: Alabama, 4 a 5; Mississippi, river banks, 8 a 9; Vicksburg new banks, 25.

The Nashville Union states, that 5 per cent. will probably continue to be the rate of eastern exchange until after the resumption of specie payments. The Whig is of opinion, that exchange will go down in a few weeks to 2½ or 3 per cent.

A letter from Liverpool, dated August 13th, says, "No apprehension is felt at the Bank of England on account of the crops."

FLOUR AND GRAIN.—The Liverpool packet which left New York on Wednesday, carried out 3,500 barrels of flour. 3000 barrels are also engaged to go by the Sheridan. Both parcels cost \$9 per barrel, and there are other orders in the market which remain to be filled. The New York Express of Sept. 20 remarks:—

"If such exportations as these are to be followed up, we shall have an easy way of paying our European bills, and keeping down the exchanges. But will not this, if followed up, so affect the British money market, as even to touch our great staple, cotton? Of course, all this will depend on the supply and demand,—but the suggestion is certainly worth attention. At any rate, this is a very interesting time in the money market of New York and London both, and it makes us more than ever look ahead to the day when we hope to have a chain of regular steam communication.

The king of the French has put forth an ordinance prohibiting the export of bread stuffs from the ports of France. (This, in the present condition of the crops of Europe, is a very important measure. France is not the exporter of a vast quantity of grain, nevertheless, she exports a very considerable quantity of flour. The French West Indies, as well as South America, have received very large supplies, and a consequence of this ordinance is, that this supply will have to be made up from some other country. From present appearances there is very little probability that it will be made up from Great Britain, and it must be supplied from America. This will therefore be a new source of demand, and one not generally taken into account.—N. Y. Ex.

Those who follow this statement will go astray. The decree of the king of the French only relates to the borders of Spain, and its design is only to prevent the

feeding of Don Carlos. The decree is political entirely, and not founded on any apprehension about the crops in France.—*Jour. Com.*

LOUISIANA CROPS.—The New Orleans American of the 11th inst. says, that the sugar and cotton crops look remarkably well, and if not injured by storm, promise to be most bountiful.

The statement made in various papers that the secretary of the treasury has deposited the avails of the Smithsonian legacy in the North American Trust and Banking Company of this city, we think must be erroneous.

The secretary of the treasury has, as he was authorized by law to do, invested the avails of the bequest, after due public notice, in a purchase of Arkansas state stock from an individual unconnected with the bank, and who was the lowest of a large number of bidders. That stock was wholly independent of the million of dollars of Arkansas state stock purchased, and now held by the North American Trust and Banking Company. The commissioners from that state have made a temporary deposit of a portion of the funds in their hands in the above-mentioned institution, with which transaction the secretary of the treasury had nothing to do. This circumstance may have given rise to the erroneous statement we have mentioned.

NEW CROP OF COTTON.—We have before us two specimens of cotton, the Petit Gulf and the black seed or sea island cotton, gathered about the first of this month, from Colonel Gadsden's plantation in Jefferson. Considering the season, the sea island is very early, and only confirms the opinion of the favourable adaptation of Carolina sea islands to Florida soils and climate. Our corn crops are now beyond hazard, and universally pronounced as abundant. The cotton crops generally are fair; probably very good, and from the representations from other cotton growing districts, we have no doubt will compare with any crops in the south. Indeed, Middle Florida, on an impartial examination of her capabilities, will compare with any of the cotton producing districts. It is believed she may challenge an exhibit with Alabama and Mississippi, although she has, very unjustly, not been noted hitherto as an equal.

We received last week a few bales of cotton already opened, from the plantation of Mr. H. H. Walker at Shell Point, which we inadvertently omitted to notice in our last. It is an excellent specimen.—*Tallahassee Floridian, August 11.*

Correspondence of the Journal of Commerce.

Philadelphia, August 30.

Mr. Thomas Young, transfer clerk in the Bank of Pennsylvania, has been appointed cashier of the U. S. Bank in New York, at a salary of \$6000 per annum; and Mr. James Iddings, from the foreign exchange department of the U. S. Bank, assistant cashier, at a salary of \$4000. The cashiership was offered to Mr. Thomas S. Taylor of the United States Bank, and declined. The men appointed are both good business men, and will make good officers when they become acquainted with New York.

The crops in Louisiana are represented as promising abundance. There are no complaints of cotton, the case is thriving well, and corn is abundant.

Within the last eighteen months the banks in Cincinnati have reduced their line of discounts a million and a half of dollars.

THE TOBACCO CROP.—It seems to be very generally admitted that there will be a failure in this crop. In many of the tobacco raising counties of Kentucky, Maryland, and Virginia, it is certain there will be a

short crop. Tobacco is thereby rising, or is withdrawn from market to wait the event of the coming crops.

The resumption of specie payments by the banks of Ohio took place simultaneously on the 13th of August, and appears to have been effected without any unusual demand for coin. On the contrary, in various cases, the deposits of specie since the resumption have been larger than the calls for it. The Cleveland Herald remarks—"The resumption has done much to restore confidence, and to lessen the demand for specie. It works well thus far, and will continue to do so if the people and the banks sustain each other."

STATE BANK OF ILLINOIS.—The State Bank of Illinois resumed specie payments on the 13th of August. By the present arrangement the notes of the mother bank are redeemed in specie at the counter of the bank in Springfield, and the notes of each branch at the counter of the branch from which they are issued.

FOREIGN INTELLIGENCE.

LONDON, Aug. 11.—We are now certain of a deficient harvest, and as there is also reason to fear a failure of the crops in those countries from which we have been in the habit of supplying our deficiency of food, something very nearly approaching to a famine may be reserved for us in the course of the ensuing winter. That, at all events, there will be a large importation of foreign corn, does not admit of a doubt, and we know, from past experience, that a large and sudden importation of corn invariably leads to a corresponding exportation of specie, and consequently to a curtailment of the currency; the banks then withhold their discounts, bankruptcies follow, and the country is once more involved in all the horrors of a commercial panic.—*Courier*.

EUROPEAN GRAIN MARKETS.—At Leghorn, on the 21st July, there was a brisk demand for wheat, and prices of soft Odessa had advanced from 31s. to 36s. per qr., free on board. In Tuscany the harvest was concluded, the quality was fine, but the yield by no means abundant. From Dantzic there is advices of the 20th and 24th ult. The weather still continued very unsettled, and the accounts of the growing crops in Poland by no means favourable; on the 18th of July about 250 lasts of wheat had changed hands; good mixed to high mixed Polish, had brought from 40s. to 44s., and inferior kinds from 38s. to 40s. 8d. per qr.; on the 24th the trade had become much more animated, and several hundred lasts had found buyers at an advance of 1s. to 1s. 6d. per qr. Advices from Hamburg are of the 31st July. The last English mail had caused a great sensation, and prices of wheat had undergone a further improvement of several shillings per qr.; on the 27th fine Brunswick marks, and Mecklenburg red wheat, weighing from 61½ to 62½ lbs. per bushel, might have been bought at 45s. to 45s. 6d., whilst on the latter day after the arrival of the Hull steam-boat similar qualities could not be had below 50s. 6d. to 51s.; white was quoted 52s. 6d., and red Silesian, weighing 61½ lbs. which on the previous post-day was not worth more than 44s. was on the latter held at 49s. per qr. A few sales of new rapeseed had been made for delivery in September, to be shipped from the Danish islands; the prices named were £28 to £28 5s. per last.

SALES OF STOCK AT PHILADELPHIA.

October 1.

28 shares U. S. Bank,	123½	100
15 " Schuylkill Bank,	51½	50

50 shares Girard Bank, Saturday flat,	53	50
10 " "	53	
70 " M. & M. Bank, Pitts, 10 d. s.	55½	50
20 " Union Bank, Tenn. Oct. 8.	92	100
25 " Plasters' Bank, Tenn. 2 days.	97½	100
25 " "	97½	
100 " Vicksburg Bank,	80	100
6 " Schuylkill Navigation,	157	50
40 " Lehigh Coal,	93	50
\$600 Lehigh Sixes, 1844,	100½	100
10 shares Northern Liberties Gas,	26	
5 " Philadelphia Gas,	133	100

SALES OF STOCK AT NEW YORK.

September 29.

300 shares U. S. Bank,	122½	122½
1425 " Del. and Hudson Canal,	75	75½
300 " Vicksburg Bank,	78	79½
200 " Boston & Providence R.R.,		103½
150 " Ohio Life and Trust,		107½
500 " Mohawk Railroad,	72½	72½
760 " Patterson Railroad,	60	60½
1155 " Harlem Railroad,	60	60
50 " N. J. Railroad & T. Co.		109½
245 " Utica Railroad,		119
158 " Stonington Railroad,	50	50½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

September 22.

Bills on London, 60 days sight,	9½ a 9½ p. cent. prem.
" France, "	5 17½ a 5 20 fr. p. doll.
" Holland, "	40½ a 40½ ctg. guilder.
" Hamburgh, "	35½ a 36 etc. p. mks.
" Bremen, "	79½ a 80 ctg. p. rix doll.
" Boston, "	par a ½ discount.
" Philadelphia, "	½ a ½ do.
" Baltimore, "	½ a ½ do.
" Richmond, "	1½ a 2 do.
" N. Carolina, "	3½ a 4½ do.
" Charleston, "	1½ a 2½ do.
" Savannah, "	1½ a 2 do.
" Augusta, "	1½ a 2 do.
" Mobile, "	5½ a 6 do.
" New Orleans, "	3 a 3½ do.
" Louisville, "	2 a 2½ do.
" Nashville, "	5 a 5½ do.
" Natchez, "	7 a 7½ do.
" St. Louis, "	2½ a 3½ do.
" Cincinnati, "	1½ a 2½ do.
" Michigan, "	10 a 12 do.
" Detroit, "	4 a 5 do.
American gold,	7 premium.
do. new coinage,	par a ½ do.
Spanish dollars,	2½ a 3½ do.
Carolus do.	5 a 6 do.
Mexican dollars,	1 a 1½ do.
Half dollars,	par
Five-franc pieces,	94½ a 94½ cents each.
Doublons,	\$16 30 a \$16 45 do.
do. patriot,	15 60 a 15 68 do.
Sovereigns,	\$4 85 each.

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

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The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, OCTOBER 10, 1838.

No. 15.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT LAW.

(Continued from page 518.)

SUMMARY OF LAW.

CHAPTER II.

Transfer of stock in the books of the Bank of England—
Effect of bills of lading, &c. pledged to the bank—Sale
Attachment of branch banks.

I. TRANSFERS OF STOCK.

Any of his majesty's courts of equity are empowered, by 39 and 40 Geo. III. c. 86, before or upon hearing any cause depending therein, to order the governor and company of the bank to suffer a transfer of stock standing in their books to be made, or to pay any accrued or accruing dividends thereon, belonging to or standing in the names of any party to a suit, as such courts may deem just; or to issue an injunction to restrain them from suffering any transfer of such stock, or from paying any dividends or interest accruing or accrued thereon, although such governor and company are not partners to the suit in which such decree or order shall be made. Such courts, however, are to be previously satisfied, by the certificate of the accountant of the corporation, that the stock required to be transferred is standing in their books, in the name of the person required to transfer the same, or of the person of whom he is the legal representative. After due service of a short order upon the governor and company, or their proper officer, which shall contain no recital of the pleadings, or other matter than the title of the cause, and the ordering part of such decree or order which respects the governor and company, like process shall issue to enforce such order or decree as to enforce them against any party to a suit depending in such court.*

Upon request in writing, signed by the

clerk in court (or other officer answering thereto) and the solicitor concerned in the cause for the party applying, which shall state the cause, and for what parties they are concerned, the governor and company are to deliver, or cause to be delivered, to the said clerk in court, or other officer and solicitor, or one of them, a certificate signed by their accountant, stating the amount of such stocks or dividends, and in whose name such stock is standing in their books, and, if it be particularly required, but not otherwise, when such stock, or any part thereof, was transferred, and by whom. But nothing contained in the act is to extend to any case where any further discovery is wanted than what is before expressly mentioned, nor to any case where the governor and company claim any interest in or lien upon the said fund. In such cases it will be necessary to make them a party to such suit as if the act had never been made. If any special matter arise, which, in the opinion of the governor and company, may affect their interests, or which might be objected against suffering such transfer of stock or payment of dividends, they are entitled to state such matter to the court by motion or petition in such suit; and execution of process, to compel such transfer or payment, is to be suspended until final order shall be made thereon.*

II. BILLS OF LADING, &c.

[6 Geo. IV. c. 94.] Any person entrusted with and in possession of any bill of lading, India warrant, dock warrant, warehouse-keeper's certificate, wharfinger's certificate, warrant, or order for delivery of goods, is to be deemed and taken to be the true owner of the goods, wares, and merchandise described and mentioned in the said several documents, or either of them, so far as to give validity to any contract or agreement hereafter to be made or entered into by such person with the Governor and Company of the Bank of England, for the deposit or pledge thereof, or

any part thereof, as a security for any money or negotiable instrument advanced by the bank upon the faith of such several documents or either of them; *provided* that the bank shall not have notice by such documents or either of them, or otherwise, that such person so entrusted is not the actual and *bona fide* owner of such goods, wares, or merchandise, so deposited or pledged, any law, usage, or custom to the contrary thereof in any wise notwithstanding.

III. ESTABLISHMENT OF BRANCH BANKS.

[7 Geo. IV. c. 46.] In order to prevent any doubts that might arise, whether the Governor and Company of the Bank of England, under their charter, and the several acts of parliament which have been made and passed in relation to their affairs, could lawfully carry on the trade of banking otherwise than under the immediate order, management, and direction of the court of directors, it was enacted that the governor and company might authorise and empower any committee or agent to carry on the trade of banking for and on their behalf at any place in England, and for that purpose to invest such committee or agent with such powers of management and superintendence, and such authority to appoint cashiers and other officers and servants, as may be necessary or convenient for carrying on such trade. They are likewise empowered to issue to such committee or agent, cashier, or other officer or servant, cash, bills of exchange, bank post bills, bank notes, promissory notes, and other securities for payment of money. But all such acts of the governor and company shall be done in such manner as may be appointed by any by-laws, constitutions, orders, rules, and directions, from time to time to be made by the general court of the governor and company in that behalf, such by-laws not being repugnant to the laws of England. And in all cases where such by-laws, &c. shall be wanting, they are to be supplied in such manner as the governor, deputy-governor, and directors, or the major part of them assembled, whereof the governor or deputy-governor is always to be one, may direct, (such directions not being repugnant to the laws of England,) notwithstanding any thing in the said charter or acts of parliament, or other law, usage, matter, or thing to the contrary. It is provided, however, that in any place where the trade of banking shall be carried on on behalf of the governor and company, any promissory note issued on their account in such place shall be

made payable in coin in such place as well as in London.*

CHAPTER III.

Suppression of promissory notes under five pounds—Composition by the bank for stamp duties on notes.

I. SUPPRESSION OF SMALL NOTES.

[7 Geo. IV. c. 6.] If any body politic or corporate, or any person or persons, shall, from and after the passing of this act (22d March, 1826,) and before the 5th day of April, 1829, make, sign, issue, or re-issue, in England, any promissory note payable on demand to the bearer thereof, for any sum of money less than the sum of five pounds, except such promissory note of any banker or bankers, or banking companies, or person or persons duly licensed in that behalf, which shall have been duly stamped before the 5th of February, 1826; and except such promissory note of the Governor and Company of the Bank of England as shall have been or shall be made out and bear date before the 10th of October, 1826; or if any body politic, &c. shall, after the said 5th of April, 1826, make, sign, issue, or re-issue, in England, any promissory note in writing, payable on demand to the bearer thereof, for any sum of money less than five pounds, then and in either of such cases, every such body politic, &c., so making, &c. except as aforesaid, shall, for every such note so made, &c., forfeit the sum of twenty pounds.†

Every promissory note payable to bearer on demand, for any sum of money under twenty pounds, which shall be made and issued after the 5th of April, 1829, shall be made payable at the bank or place where issued; provided that nothing herein contained shall extend to prevent any such promissory note from being made payable at several places, if one of such places shall be the bank or place where the same shall be so issued.‡

The negotiation of promissory notes in England under five pounds, issued in Scotland or Ireland, is prohibited by 9 Geo. IV. c. 65.

II. COMPOSITION BY THE BANK FOR STAMP DUTIES.

All promissory notes and bank post bills issued by the Bank of England, are exempted

* s. 15.

† s. 2.

‡ s. 2.

from all the duties granted by 55 Geo. III. c. 184; and they may re-issue any of their notes, after payment thereof, as often as they shall think fit.* They are directed to deliver to the commissioners of stamps, on the first day of May in every year, whilst the present stamp duties shall remain in force, a just and true account, verified by the oath of their chief accountant, of the amount or value of all their promissory notes and bank post bills in circulation, on some given day in every week, for the space of three years preceding the sixth day of April, in the year in which the account shall be delivered, together with the average amount or value thereof, according to such account. They are to pay into the hands of the receiver general, as a composition for the duties which would otherwise have been payable for their promissory notes and bank post bills issued within the year, reckoning from the fifth day of April preceding the delivery of the said account, the sum of three thousand five hundred pounds for every million, and after that rate for half a million, but not for a less sum than half a million of the said average amount or value of their notes and bank post bills in circulation. One half part of the sum so to be ascertained for each year's composition is to be paid on the first day of October, and the other half on the first day of April, next after the delivery of such account.†

CHAPTER IV.

Private banks of issue.—Licenses for the issue and re-issue of promissory notes duly stamped.—Licenses for the issue of promissory notes on unstamped paper.—Drafts on banks.

I. LICENSES FOR STAMPED NOTES.

[55 Geo. III. c. 184.] With the exception of the Bank of England, no other banker or person is permitted to issue any promissory notes for money payable to bearer on demand, charged by the act with a duty, and allowed to be re-issued, without taking out a yearly license for that purpose. Such license may be granted by two or more of the commissioners of stamps, or by some person authorised in that behalf by the commissioners, or the major part of them, on payment of the duty charged thereon in the schedule of the act. A separate and distinct license is to be taken out for every town or place where any such promissory notes shall be issued; and every such license shall specify the proper

name and place of abode of the person, or the proper name and description of any body corporate, to whom the same shall be granted, and also the name of the town or place where, and the name of the bank, as well as the partnership, or other name, style, or firm, under which such notes are to be issued. Where any such license shall be granted to persons in partnership, the same shall specify and set forth the names and places of abode of all the persons concerned in the partnership, whether all their names shall appear on the promissory notes to be issued by them or not; and in default thereof is absolutely void. Every such license granted between the tenth day of October and the eleventh day of November in any year, is to be dated on the eleventh day of October; and every such license granted at any other time is to be dated on the day on which it shall be granted; and every such license respectively shall continue in force from the day of the date thereof, until the tenth day of October following, both inclusive.* Where any banker or other person, however, applying for a license under the act, would, under the act of 48 Geo. III.† have been entitled to have two or more towns or places in England included in one license, if the act 55 Geo. III. c. 184, had not been made, such banker or other person is entitled to the like privilege under 55 Geo. III. c. 184.‡ The banker or other person applying for any such license, is to produce and leave with the proper officer a specimen of the promissory notes proposed to be issued by him, to the intent that the license may be framed accordingly. And if any banker or other person (except the Governor and Company of the Bank of England) shall issue or cause to be issued by any agent, any promissory note for money payable to bearer on demand, charged by the act with duty, and allowed to be re-issued, without being duly licensed so to do, or at any town or place, or under any other name, style, or firm, than shall be specified in his license, the banker or other person so offending, shall, for every such offence, forfeit the sum of one hundred pounds.§

* s. 24.

† According to 48 Geo. III. c. 149, s. 17, a separate and distinct license was to be taken out for every town or place where notes were to be issued, with the exception that one yearly license was to be sufficient for all towns or places where the party licensed had established branch banks previously to the passing of that act. Every such town or place was to be notified to the stamp office, in order that it should be specified in the first license granted under that statute, and an affidavit of the fact was directed to be transmitted to the stamp office, at the time of applying for the license.

* s. 20.

† s. 21.

‡ s. 26.

§ s. 27.

Where any such license shall be granted to any persons in partnership, the same is to continue in force for the issuing of promissory notes duly stamped, under the name, style, or firm therein specified, until the tenth day of October inclusive following the date thereof, notwithstanding any alteration in the partnership.*

Any banker or other person who shall have made and issued any promissory notes for the payment to bearer on demand, of any sum of money not exceeding one hundred pounds each, duly stamped according to the directions of the act, may re-issue the same from time to time, after payment thereof, as often as he shall think fit, without being liable to pay any further duty in respect thereof. All promissory notes so re-issued are to be deemed as valid to all intents and purposes as they were upon the first issuing thereof.† No promissory note for the payment to bearer on demand, of any sum of money not exceeding one hundred pounds, which shall have been made and issued by any bankers or other persons in partnership, and for which the proper stamp duty shall have been once paid, shall be deemed liable to any further duty, although the same shall have been re-issued as the note of some duly of the persons who originally made and issued the same, or as the note of any one or more of the persons who originally made and issued the same, and any other person or persons in partnership with him jointly; nor although such note, if made payable at any other than the place where drawn, shall be re-issued with any alteration therein only of the house or place at which the same shall have been at first made payable.‡ It is not lawful for a banker or any other person to issue any promissory note for the payment of money to bearer on demand, liable to any of the duties imposed by the act, with the date printed therein, under a penalty of fifty pounds for every promissory note so issued.§

II. LICENSES FOR THE ISSUE OF NOTES ON UNSTAMPED PAPER.

[9 Geo. IV. c. 23.] All persons carrying on the business of banking in England, (except within the city of London or within three miles thereof), who are duly licensed for that purpose, may issue, on unstamped paper, promissory notes for any sum of money amounting to five pounds or upwards, expressed to be payable to bearer on demand, or to order at any period not exceeding seven days after

sight. They may also draw and issue, on unstamped paper, bills of exchange, expressed to be payable to order on demand, at any period not exceeding seven days after sight, or twenty-one days after date. But such bills of exchange must be drawn upon a banker in London, Westminster, or Southwark, or at a town or place where the drawer is licensed, upon himself or his copartners, payable at any other town or place where he is also licensed to issue such paper.*

A separate license must be taken out in respect of every town or place for this purpose; but no person need take out more than four licenses in all for any number of towns or places in England. A banker after having obtained three distinct licenses for three towns or places, may have as many more as he chooses included in a fourth license.† The license must set forth all the particulars already required by law to be specified in licenses taken out by persons issuing promissory notes which are payable on demand, and allowed to be re-issued. If granted between the tenth of October and the eleventh of November, it is to be dated on the eleventh of October; if granted at any other time, it is to bear the true date. Every license, at whatever period it may be granted, continues in force from the day of the date thereof until the tenth of October then next following, (both inclusive), notwithstanding any alteration which may have taken place in the mean time in any copartnership of persons to whom the same shall have been granted.‡

Two or more of the commissioners of stamps are authorised to grant the licenses, which are charged with a duty of thirty pounds each.§ If a banker have already obtained a license for issuing on stamped paper, and be desirous during its continuance to take out a license to issue on unstamped paper, the commissioners will cancel the former license, and grant one under the authority of the 9th Geo. IV. c. 23, which license will also authorise him to continue issuing and re-issuing all his stamped promissory notes payable to bearer on demand, which he might have lawfully issued and re-issued under his previous license.|| But where a license is taken out,

* a. 1. † a. 3. ‡ a. 4. § a. 2.

§ 5. The 16th section of the act provides, that, if any banker who has taken out a license for unstamped paper, shall have in his possession stamps which shall be rendered useless in consequence of his electing to issue unstamped paper, the commissioners shall cancel and allow such stamps, and repay the amount thereof in money, deducting one pound ten shillings per cent. provided proof be made on oath or affirmation, to their satisfaction, that such stamps have not been issued; and provided application be made for such allowance

* a. 28. † a. 14. ‡ a. 15. § a. 18.

in the first instance, for the issue of unstamped notes, the banker must adhere to that species of paper so long as his license continues; and he cannot issue, for the first time, on stamped paper during that period.*

Before any person can obtain a license for issuing on unstamped paper, he must give security by bond that he shall from time to time enter, or cause to be entered, in a book or books kept for that purpose,

1st, An account of all unstamped promissory notes and bills of exchange which he shall issue or draw, specifying the amount or value thereof respectively, and the several dates of the issuing thereof.

2d, A similar account of all such promissory notes as, having been issued, shall have been subsequently cancelled, and the dates of the cancelling thereof.

3d, And a similar account of all such bills of exchange as shall have been paid, and the dates of the payment thereof.

4th, Also that he shall from time to time, when thereunto requested, produce such accounts to, and permit them to be inspected by, the commissioners of stamps, or any officer of stamps appointed under their hands and seals for that purpose.

5th, That he shall deliver to the commissioners half yearly, that is to say, within fourteen days after the first of January and the first of July in every year, a just and true account in writing, verified upon oath or affirmation, (which any justice of the peace is empowered by the act to administer), to the best of his knowledge and belief, and of his cashier, accountant, or chief clerk, or of such of them as the commissioners shall require, of the amount or value of all unstamped paper issued by him under the provisions of that or of any former act, in circulation, on a given day; that is to say, on Saturday in every week, for the space of half a year prior to the half-yearly day immediately preceding the delivery of such account, together with the average amount or value of such notes and bills so in circulation, according to such account.

6th, And, finally, that he shall pay, or cause to be paid, to the receiver-general of stamp duties in Great Britain, or to some other person duly authorised by the commissioners of stamps to receive the same, as a composition for the duties which would otherwise have been payable for such promissory

notes and bills of exchange issued or in circulation during such half year, the sum of three shillings and sixpence for every one hundred pounds, of the said average amount or value of such notes and bills in circulation, according to the true intent and meaning of the act.*

Every unstamped promissory note payable to bearer on demand, issued under the provisions of the act, is, for the purpose of payment of duty, deemed to be in circulation from the day of the issuing to the day of the cancelling thereof, both days inclusive; the period, however, being excepted during which such note shall be in the hands of the banker who first issued the same, or by whom the same shall be expressed to be payable; and every unstamped promissory note payable to order, and every unstamped bill of exchange so issued, is for the same purpose deemed to be in circulation from the day of the issuing to the day of the payment thereof, both days inclusive. But every promissory note payable to order, and bill of exchange which shall be paid in less than seven days from the issuing thereof, is to be included in the account of notes and bills in circulation on the Saturday next after the day of the issuing thereof, as if the same were then actually in circulation.†

The commissioners, on granting a license, are authorised to require such of the persons to whom it is to be granted, as they shall think fit, to be the obligors in the bond, which is to be taken in the sum of one hundred pounds, or such larger sum as the commissioners may judge to be the probable amount of the composition or duties that will be payable during the period of one year. They are to fix the time for payment of the composition of duties, and to specify the same in the condition to the bond. They may also, at their discretion, require every such bond to be renewed as often as the same shall be forfeited, or the parties to the same, or any of them, shall die, become bankrupt, or insolvent, or reside beyond the seas.‡ If any alteration, from whatever cause, be made in any copartnership of persons who are parties to such bond, a fresh bond must be given by the new or remaining firm; and the new bond is to be taken as a security for the duties previously owing in respect of unstamped notes and bills issued before the change and then in circulation, as well as for those to become due with reference to notes and bills issued or to be issued by the persons composing the new or remaining copartnership. This rule does not

within six calendar months next after the passing the act. As no application of this kind can now be made under the act, it will be necessary for those persons who have such stamps to continue them in use in the manner above mentioned.

* s. 6.

• s. 7.

† s. 8.

‡ s. 9.

of necessity extend to any copartnership of persons exceeding six in number. Bonds given by copartnerships of this description are to be taken as securities for all the duties they may incur so long as they shall exist, or the persons composing the same, or any of them, shall carry on business in copartnership together, or with any other person or persons, notwithstanding any alteration in such copartnership. With respect to these companies, however, the commissioners have the power, in any case where they shall deem it expedient, to require a new bond for securing the payment of the duties.*

Persons having given bond under the act, and refusing or neglecting to renew it when forfeited, or when they are lawfully required so to do, are liable for every such offence to a penalty of one hundred pounds.† Persons licensed under the act, and post-dating any of their unstamped notes or bills, are liable to a penalty of one hundred pounds for each of such notes or bills.‡ All notes and bills drawn and issued under the act, must be in conformity with the regulations which it prescribes; and nothing which it contains is to be construed as exempting from the forfeitures or penalties already in force any person who shall issue any unstamped note or bill, unless such person shall be duly licensed.§ The pecuniary forfeitures and penalties incurred under the act are recoverable in the Court of Exchequer at Westminster, by action of debt, bill, plaint, or information in the name of his majesty's attorney or solicitor-general.|| And nothing contained in the act is to be construed as extending to prejudice, alter, or affect any of the rights, powers, or privileges of the Bank of England.¶

III. DRAFTS ON BANKS.

[55 Geo. III. c. 184.] All drafts, or orders, for the payment of any sum of money to the bearer on demand, and drawn upon any banker, or bankers, or any person or persons acting as a banker, who shall reside or transact the business of a banker, within ten miles of the place where such drafts, or orders, shall be issued, provided such place shall be specified in such drafts or orders, and provided the same shall bear date on or before the day on which the same shall be issued, and provided the same do not direct the payment to be made by bills or promissory notes, are exempt from stamp duties.**

If any person make and issue, or cause to

* s. 10. † s. 11. ‡ s. 12. § s. 13.
 ¶ s. 14. ** Schedule I, class 1.

be made and issued, any bill, draft, or order for the payment of money to bearer on demand upon any banker, or any person acting as a banker, which shall be dated on any day subsequent to that on which it shall be issued, or which shall not truly specify and express the place where it shall be issued, or which shall not in every respect fall within the exemption contained in the schedule of 55 Geo. III. cap. 184, unless the same be duly stamped as a bill of exchange according to that act, the person so offending shall, for every such bill, draft, or order, forfeit the sum of one hundred pounds. And if any person should knowingly receive any such bill, draft, or order, in payment of, or as a security for, the sum therein mentioned, he shall for every such bill, draft, or order, forfeit the sum of twenty pounds. And if any banker, or any person acting as a banker, upon whom any such bill, draft, or order shall be drawn, shall pay, or cause or permit to be paid, the sum of money therein expressed, or any part thereof, knowing the same to be post-dated, or knowing that the place where it was issued is not truly specified therein, or knowing that the same does not in every other respect fall within the said exemption, he shall for every such bill, draft, or order, forfeit the sum of one hundred pounds; and, moreover, shall not be allowed the money so paid, or any part thereof, in account against the person by or for whom such bill, draft, or order, shall be drawn, or his executors, or administrators, or his assignees, or creditors, in case of bankruptcy or insolvency, or any other person claiming under him.*

CHAPTER V.

JOINT-STOCK BANKING COMPANIES.

[7 Geo. IV. c. 46.] The Governor and Company of the Bank of England consented, in the year 1826, to relinquish† so much of their exclusive privileges as prohibit any body politic or corporate, or any number of persons exceeding six, in England, acting in copartnership, from borrowing, owing, or taking up any sum of money on their bills, or notes, payable at demand, or at any period less than six months from the borrowing thereof. But they agreed to those alterations upon condition that such body politic or corporate, or persons united in covenants or partnerships exceeding the number of six persons in each

* s. 13. † Preamble.

partnership, should have the whole of their banking establishments, and carry on their business as bankers, at any place or places in England exceeding the distance of sixty-five miles from London; and that all the individuals composing such corporations or copartnerships should be responsible for the due payment of all bills and notes issued by such corporations or copartnerships respectively.

In consequence of this arrangement between the government and the bank, it was enacted,* that any bodies politic or corporate, erected for the purpose of banking, or any number of persons united in covenants or copartnerships, although such persons so united, or carrying on business together, should consist of more than six in number, might pursue the trade of bankers in England, in like manner as copartnerships of bankers consisting of not more than six persons in number might lawfully do; and that such bodies politic or corporate, or such persons so united, might make and issue their bills or notes at any place or places in England exceeding the distance of sixty-five miles from London, payable on demand, or otherwise, at some place or places specified upon such bills or notes exceeding the distance of sixty-five miles from London, and not elsewhere; and might borrow, owe, or take up any sum or sums of money on their bills or notes; such corporations or persons carrying on the trade of bankers in copartnership, shall not have any house of business or establishment as bankers in London, or at any place not exceeding the distance of sixty-five miles from London; and every member of any such corporation or copartnership shall be responsible for the due payment of all bills and notes which shall be issued, and for all sums of money which shall be borrowed, owed, and taken up by the corporation or copartnership of which such person shall be a member. But such person, in order to be so responsible, must be a member at the period of the date of the bills or notes, or become a member before or at the time of the bills or notes being payable, or be such member at the time of the borrowing, owing, or taking up of any sum of money on any bills or notes by the corporation or copartnership, or while any sum of money on any bills or notes is owing or unpaid, or at the time the same became due from the corporation or copartnership, notwithstanding any agreement, covenant, or contract to the contrary.

The act is not to be considered† as authorising any such corporation or copartnership

exceeding the number of six persons, either by any member of, or person belonging to, any such corporation or copartnership, or by any agent, or any other persons on behalf of any such corporation or copartnership, to issue or re-issue in London, or at any place not exceeding the distance of sixty-five miles from London, any bill or note of such corporation or copartnership which shall be payable to bearer on demand, or any bank post-bill; nor to draw on any partner or agent, or other person resident in London, or any place not exceeding the distance of sixty-five miles from London, any bill of exchange which shall be payable on demand, or which shall be for a less amount than fifty pounds. But any such corporation or copartnership may draw a bill of exchange for any sum of money amounting to fifty pounds or upwards, payable either in London or elsewhere, at any period after date or after sight.

The act is not to be considered* as authorising any such corporation or copartnership exceeding the number of six persons, or any member or agent of any such corporation or copartnership, to borrow, owe, or take up in London, or at any place not exceeding sixty-five miles from London, any sum of money on any bill or promissory note of any such corporation or copartnership payable on demand, or at any time less than six months from the borrowing thereof, nor to make or issue any bill of exchange, promissory notes, or notes of such corporation or copartnership, contrary to the provisions of the act of 29 and 40 of Geo. III. cap. 38, save as is provided by the act of 7 of Geo. IV. cap. 46. Neither is the act to be construed as preventing any such corporation or copartnership, by any agent or person authorised by them, from discounting in London, or elsewhere, any bill or bills of exchange not drawn by or upon such corporation or copartnership, or by or upon any person in their behalf.

Before any such corporation or copartnership exceeding the number of six persons in England shall begin to issue any bills or notes, or borrow, owe, or take up any money on their bills or notes, an account,† or return, shall be made out according to the form contained in the schedule marked A to the act annexed,‡ wherein shall be set forth the true

* s. 3.

† s. 4.

‡ Return, or account, to be entered at the stamp-office in London, in pursuance of an act passed in the seventh year of the reign of King George the Fourth, intitled, "An Act for the better regulating of copartnerships of certain Bankers in England," and for amending so much of an act of the thirty-ninth and fortieth of the reign of his late majesty, King George

* s. 1.

† s. 2.

names, title, or firm, of such intended or existing corporation or copartnership, and also the names and places of abode of all the members of such corporation, or of all the partners concerned or engaged in such copartnership, as the same respectively shall appear on the books of such corporation or copartnership, and the name or firm of every bank or banks established or to be established by such corporation or copartnership; and also the names and places of abode of two or more persons being members of such corporation or copartnership, and being resident in England, who shall have been appointed public officers of such corporation or copartnership, together with the title of office or other description of every such public officer respectively, in the name of any one of whom such corporation shall sue and be sued, as afterwards provided; and also the names of every town and place where any of the bills or notes of such corporation or copartnership shall be issued by any such corporation, or by their agent or agents. Every such account, or return, shall be delivered to the commissioners of stamps, at the stamp-office in London, who shall cause the

the Third, intituled, "An Act for establishing an agreement with the governor and company of the Bank of England for advancing the sum of three millions towards the supply for the service of the year one thousand eight hundred," as relates to the same.

Firm or name of the banking corporation or copartnership, viz. [set forth the firm or name.]

Names and places of abode of all the partners concerned or engaged in such corporation or copartnership, viz. [set forth all the names and places of abode.]

Names and places of the bank or banks established by such corporation or copartnership, viz. [set forth all the names and places.]

Names and descriptions of the public officers of the said banking corporation or copartnership, viz. [set forth all the names and descriptions.]

Names of the several towns and places where the bills or notes of the said banking corporation or copartnership are to be issued by the said corporation or copartnership, viz. [set forth the names of all the towns and places.]

"A. B. of —, Secretary [or other officer, describing the office] of the above corporation or copartnership, maketh oath and saith, That the above doth contain the name, style, and firm of the above corporation or copartnership, and the names and places of the abodes of the several members thereof, and of the banks established by the said corporation or copartnership, and the names, titles, and descriptions of the public officers of the said corporation or copartnership, and the names of the towns and places where the notes of the said corporation or copartnership are to be issued, as the same respectively appears in the books of the said corporation or copartnership, and to the best of the information, knowledge, and belief of this deponent."

Sworn before me, the — day of —, at —, in the county of —,

C. D., justice of the peace in and for the said county.*

* Schedule A, 7 Geo. IV. c. 46.

same to be filed and kept in the stamp-office, and an entry and registry thereof to be made in a book or books to be there kept for that purpose, by some person or persons to be appointed by the commissioners in that behalf. Such book or books any person shall from time to time have liberty to search and inspect, on payment of the sum of one shilling for every search.

The account, or return, is to be made out by the secretary,* or other person being one of the public officers of the establishment, and to be verified by his oath, taken before any justice of the peace (which oath any justice of the peace is by the act authorised and empowered to administer;) and such account, or return, is to be delivered by such secretary, or public officer, to the commissioners of stamps between the twenty-eighth day of February and twenty-fifth day of March in every year after such corporation or copartnership shall have been formed. The commissioners are directed to file such account or return, and to keep it in the manner and for the purposes before mentioned.

A copy of every such return so filed, or kept and registered at the stamp office, certified to be a true copy under the hand or hands of one or more of the commissioners of stamps for the time being, upon proof made that such certificate has been signed with the handwriting of the person or persons making the same (and whom it is not necessary to prove to be a commissioner or commissioners,) is in all proceedings, civil or criminal, and in all cases whatsoever, to be received in evidence as proof of the appointment and authority of the public officers named in such account or return; and also of the fact, that all persons named therein as members of such corporation or copartnership were members thereof at the date of such account or return.† A certified copy of any such account, or return, may, for any purpose, be obtained from the commissioners of stamps, upon payment of a fee of ten shillings.‡

It is the duty of the secretary, or other officer of every such corporation or copartnership, as often as occasion shall render it necessary, to make out upon oath, in the manner before directed, and cause to be delivered to the commissioners of stamps, a further account or return, according to the form contained in the schedule marked (B.),§

* s. 5.

† s. 6.

‡ s. 7.

§ Return, or account, to be entered at the Stamp Office in London, on behalf of [name the corporation or copartnership], in pursuance of an act passed in the seventh year of the reign of King George the Fourth, intituled [insert the title of the act], viz.

of the name of any person who shall have been nominated or appointed a new or additional public officer of such corporation or copartnership, and of the name of any person who shall have ceased to be a member of such corporation or copartnership; also of the name of any person who shall have become a member of such corporation or copartnership, either in addition to or in the place of any former member thereof, and of the name of any new or additional town or place where bills or notes are or are intended to be issued, and where the same are to be made payable. Such further accounts or returns are to be filed and kept at the stamp office in London, in the same manner as the original or annual account or return already mentioned.* All actions and suits, and also all petitions to found any commission of bankruptcy against any person who may be at any time indebted to any such copartnership carrying on business under the provisions of the act, and all other proceedings at law or in equity to be commenced or instituted for or on behalf of any such copartnership against any person, or bodies politic or corporate, or others, for recovering any debts, or enforcing any claims or demands due to such copartnership, or for any other matter relating to the concerns of such copartnership, are to be commenced and prosecuted in the name of any one of the public officers nominated as aforesaid, for the time being, of such copart-

nership, as the nominal plaintiff or petitioner for and on behalf of such copartnership. All actions and proceedings at law or in equity, to be commenced by any person, bodies politic or corporate, or others, whether members of such copartnership or otherwise, against such copartnership, are to be commenced and prosecuted against any one or more of the public officers nominated as aforesaid, for the time being of such copartnership, as the nominal defendant, for and on behalf of such copartnership. In the same manner, all indictments, informations, and prosecutions, by or on behalf of such copartnership, for any stealing, or embezzlement of any money, goods, effects, bills, notes, securities, or other property of or belonging to such copartnership, or for any fraud, forgery, crime, or offence committed against or with intent to injure or defraud such copartnership, may be preferred and carried on in the name of one of the public officers nominated as aforesaid, for the time being of such copartnership. And in all indictments and informations to be preferred by or on behalf of such copartnership, against any person whomsoever, notwithstanding such person may happen to be a member of such copartnership, it will be sufficient to state the money, goods, effects, bills, notes, securities, or other property of such copartnership, to be the money, goods, effects, bills, notes, securities, or other property of any one of the public officers nominated as aforesaid, for the time being of such copartnership. Any forgery, fraud, or crime, or other offence committed against, or with intent to injure or defraud any such copartnership, may in such indictments, notwithstanding as aforesaid, be laid or stated to have been committed against, or with intent to injure or defraud any one of the public officers nominated as aforesaid, for the time being of such copartnership; and any offender may thereupon be lawfully convicted for any such forgery, fraud, crime, or offence. In all other allegations, indictments, informations, or other proceedings, of any kind whatsoever, in which it otherwise might or would have been necessary to state the names of the persons composing such copartnership, it will be sufficient to state the name of any one of the public officers nominated as aforesaid, for the time being of such copartnership. The death, resignation, removal, or any act of such public officer, is not to abate or prejudice any such action, suit, information, prosecution, indictment, or other proceedings, commenced against, or by or on behalf of such copartnership; but the same may be continued, prosecuted, and carried on in the name of any

Names of any and every new or additional public officer of the said corporation or copartnership, viz.

A. B. in the room of C. D. deceased, or removed, (as the case may be; set forth every name).

Names of any and every person, who may have become a new member of such corporation or copartnership, (set forth every name).

Names of any additional towns or places where bills or notes are to be issued, and where the same are to be made payable.

A. B. of —, secretary [or other officer] of the above-named corporation or copartnership, maketh oath and saith, That the above doth contain the name and place of abode of any and every person who hath become or been appointed a public officer of the above corporation [or copartnership], and also the name and place of abode of any and every person who hath ceased to be a member of the said corporation [or copartnership], and of any and every person who hath become a member of the said corporation [or copartnership] since the registry of the said corporation or copartnership on the — day of — last, as the same respectively appear on the books of the said corporation [or copartnership], and to the best of the information, knowledge, and belief of this deponent.

Sworn before me the — day of —, at —, in the county of —.

C. D., justice of the peace in and for the said county.

other of the public officers of such copartnership for the time being. [a. 9.]

(Continued at page 241.)

From a London paper of September 29.

THE FIRST JOINT STOCK BANK IN FRANCE.

A considerable sensation has been excited in France by the establishment of a joint-stock bank, the first in that kingdom properly so to be called, at the head of which and the author of the project is the well-known banker and former minister of state, M. Lafitte. The misfortunes of this eminent capitalist in the year 1830 are matter of public notoriety; forced to suspend payment, but entrusted by his creditors with the winding up of the affairs of his house, formerly the first banking-house on the continent, he has succeeded in effecting the liquidation, with a handsome remainder to himself. Having, however, been obliged to close his business, and by that loss the benefit of all the powerful connections of the old-established and wealthy firm of which, from a simple clerk, he had become the chief, he turned his attention to the realisation of a scheme which he had long had in contemplation, for the formation of a banking association upon a large scale, more particularly directed to those departments of commercial finance from entering into which the Bank of France was precluded by its statutes.

The capital of the Lafitte Bank is provisionally fixed at 55,000,000 francs, or nearly £2,200,000, with the power of increase to 250,000,000 francs. Of this capital M. Lafitte contributes himself 7,500,000 francs, or nearly £300,000. The principle of the bank forbids open credits or loans without guarantee.

Its intended functions may be thus described:—The discount of well-known commercial values with two signatures or endorsements, of values less known, notes not (from amounts perhaps) subject to stamp duty, bills of retailers (*petit commerce*), and certified invoices due from three to six months after date, the negotiation of values upon the departments and of foreign bills, the purchase and sale by commission, and to the extent of one third of the value upon foreign countries, of public funds and shares in public companies; it will operate the recovery of contract payments from the government, of arrears of dividends, salaries, and pensions, and of payments from the Bank of France.

The Bank Lafitte will not issue bank notes in the strict meaning of the term, as understood here of the bank, or of the Bank of France, but the intention is to issue bank bills for 25 francs (£1) and upwards, payable at Paris or in the departments at a fixed date, or at one or more days' sight, which, in fact, will correspond with the class of paper known here as bank post bills. Thus, says a semi-official treatise upon it, they will not constitute a paper money, like the bank notes of the Bank of France, but rather commercial values circulating from place to place.

Another feature, evidently borrowed from our country bank system, is to be the opening of accounts current with allowance of three per cent. interest in favour of depositors. At the Bank of France, which allows no interest, the credits of these accounts current are estimated to average more than 50,000,000 francs. The rate of discount and interest upon advances, it is added, will be regulated according to the appreciation of the risk and the length of credit. The capital of 55,000,000 francs is divided into 10,000 shares of 5,000 francs each, and 5,000 shares of 1,000 francs. Upon the first class shares the shareholders pay down one fifth only;

but for the remainder give security for payment in case of need; the subscribers for 1,000 francs shares pay the whole down at once. Thus, although the capital is nominally 55,000,000, the effective paid-up capital consists, in fact, of no more than 15,000,000 francs, or £600,000. The rest of the capital being, however, represented by valid and available guarantee securities, constitutes a species of safety fund for recourse in the event of loss, or to be called up when, from the extension of business, beneficial employment can be found for it. The principle is proceeded upon, that a bank ought, in a great measure, to act upon the strength of its credit, so as, after defraying the charges of management, to make adequate returns of interest upon capital to the parties associated. A large portion of the capital of the Bank of France is immovably invested in the public funds; that of the bank of England is sent to the state; but M. Lafitte considers that calling up all the capital of his bank, and employing the necessarily non-active portion of it in the same way, would only tend to derange the circulation, by a useless displacement of funds.

The progress of the new institution established upon these bases is watched with great interest by the French capitalists, as this is said to be the first instance of the application, or innovation, as it is termed, of the British joint-stock banking system to societies *en commun* in France. Although the principle or avowed intent of this banking association is industrial, that it embraces objects in their nature more purely commercial, manufacturing, and agricultural than money-dealing, and that by the exclusive privileges of the Bank of France it will be restricted from the coining of a paper currency other than in the shape of bills of exchange, yet the small denominations of value at which it is proposed to issue those bills, and the means to be adopted by branches and agencies for promoting an extensive circulation of them among the departments, would seem to indicate some ulterior and more ambitious views of ultimately establishing a credit and a circulation, although of a different kind, such as to compete with or supersede that of the national establishment. This supposition is strengthened by the understood determination of the new bank to pay all its bills or notes on demand, either at Paris or wherever presented in the departments, at whatever dates drawn and fallen due, and thus to encourage their circulation by making them to all intents and purposes equal to Bank of France paper, strictly payable to bearer on demand. In certain localities of the provinces there may be, as stated, a good deal of inconvenience experienced from the want of small and short bills upon Paris, which frequently are not to be had, yet it may be doubted, notwithstanding, whether for a considerable period a paper circulation be likely to obtain in France, where metallic money is so abundant, and the prejudices against paper money are still too deeply rooted to be speedily removed. It may be looked on therefore as a rather bold speculation for the extension of the credit system, and if it fail, as it may fail, in the projected dissemination of paper money on a larger scale, it may still prove eminently beneficial to the parties interested in its more legitimate object of aiding upon terms of reciprocal advantage the commercial and manufacturing enterprise of France.

From the New York Journal of Commerce.

THE BANKS AND THE COTTON CROP.

A large part of two cotton crops has now been exported by incorporated banks. It was well for them, perhaps, to come forward at the moment of extreme

panic, eighteen months ago,—for there seemed to be no other means of moving the produce of the country. But their interference extensively with the last crop, was of very questionable propriety, and their further interference now, ought to meet the most determined resistance. If all the states would adopt a truly free trade policy, and allow their citizens to combine and associate for all business purposes just as the citizens might choose, there might be some propriety in permitting associations to bank, and trade, and transact any complicated business which might suit them. But when legislatures prohibit banking by general laws, and then erect special corporations for the purpose of exercising the rights which are prohibited to all other citizens, it becomes both unfair towards merchants, and dangerous towards the currency, that these corporations should go into the pursuit of any other business than that for which they were created. Let the whole business of the country be transacted by those who will do it cheapest. But let all have fair play. No other course is really cheapest. If chartered banks with special privileges, can export the produce of the country cheaper than individuals or mercantile firms, it is because they have the power, in some way, of assuaging the community. Every practical man knows that a corporation like that of a bank, acting under the control of a board of directors, could never compete in any mercantile business with mercantile houses. In some way the public must pay it back therefore, if they get any seeming advantage through the mercantile action of such corporations. If the banks can flood the country with their notes in the purchase of cotton at twenty-five per cent. more than the cotton is worth, and then by means of the depression of their paper, buy it up at a discount of thirty-three per cent., the planters of cotton may be gainers apparently, but the community as a whole are heavy losers. Or if a given corporation, possessing the sole power of issuing paper to circulate as money, refuses to issue that paper by the ordinary method of loans and discounts, and only puts it out in the purchase of cotton, it may by this perversion of its design, deprive merchants of the means which fairly belong to them, and so drive them from the market by transacting the business cheaper than they. But this cheapness is only apparent. For if the bank had confined itself to its own proper sphere in the movements of business, the cotton would have been managed by the merchants in a manner still better than that of the bank. Such in fact is the disadvantage under which corporations manage ordinary business, that even banks with their special powers could not long carry it on.

But for a bank to be engaged in trade, hazards its solvency, and consequently the soundness of the currency. Institutions charged especially with issuing money, it will never be safe to trust in the hazards of speculation and general trade. The poor condition now, of the banks which have been engaged in the cotton business, compared with those in the same sections of country which have not been so engaged, shows us, upon a short experiment, what dangers they run, and what ruin they would in all probability encounter in the end. We hope therefore that if any banks undertake to pursue this dangerous course farther, the press and the merchants, and the whole people, alive to the public good, will reprove them properly, and drive them from their improper intention.

The Bank of the State of Alabama has already announced its intention of dealing in cotton again, and on a plan which is especially objectionable. That bank has already so mismanaged its affairs as to throw the state into great difficulty, and if it is suffered to go on, the credit of the state and its merchants cannot be

rehabilitated. Specie payments will never be facilitated in this way. The following is the plan:—

BANK OF THE STATE OF ALABAMA,
Tuscaloosa, August 29, 1838.

The board of directors being desirous of placing the bank in a situation to resume specie payments as early as possible, and to maintain the character and value of its paper, and, in order to accomplish these two important and desirable objects, she must be provided with a suitable proportion of specie and exchange funds; will make advances on cotton under the following rules and regulations:—

1. The receipt of the warehouse keeper or the receipt of the agent of this bank at Mobile, or other satisfactory voucher, shall be submitted to the committee hereinafter appointed under the provisions of the 8th section.

2. The cotton shall be shipped only to the agents for the bank at Liverpool, New York, New Orleans or Mobile.

3. All cotton advanced on will be shipped by the bank for account and risk of the party, to whom the advance is made, and the bank not accountable for losses, &c., except arising from neglect or mismanagement of its own agents.

4. All expenses of freights, commission, insurance, &c., shall be paid by the party for whose account and risk the cotton is shipped. The shipper may limit or fix the price and the time at which he desires the cotton to be sold; but that limit, as to the price and time, must terminate at the expiration of four months from the time of its arrival in a foreign port; at which period, the sales must be closed.

5. From the time the proceeds of any cotton comes into the hands of the agents of the bank, or is deposited to its credit in any corresponding bank, the amount of nett proceeds, with the interest at the rate of six per cent. per annum, shall be allowed to the credit of the note or bill which may have been given for the amount of said cotton.

6. Any person obtaining an advance on cotton as above, shall give his bill payable at not exceeding nine months for amount advanced, secured by two good and sufficient endorsers.

7. In the event the nett proceeds of the cotton be more than the amount advanced, the bank shall refund; if less, the party so indebted to the bank may settle the deficiency by a good bill, not having longer to run than the 15th of February thereafter; *provided*, the same be offered twenty days before the maturity of the bill first for the amount advanced; and no advance shall exceed twenty-five per cent. above the actual value of the cotton at the time it is received by the bank.

8. A committee of five, (the president or cashier being one) shall be appointed, which committee shall have power to pass on any paper offered under this arrangement.*

9. The bank shall, for the mutual safety of itself and the party for whose account and risk it ships, have the right of insuring all cotton it may ship; and in the event of loss, the insurance money, when received, shall be placed to the credit of the bill given for the advance on any cotton thus lost.

10. All the exchange existing, at the time the cotton is sold, between the United States and Liverpool, for cotton sold there, if any, shall inure to the account of the shipper; the bank retaining one and a half per cent. only, for the transaction.

* Committee—John Marrast, Joel White, Robert Jamieson, and James Hogan.

11. The bank will appoint an agent here, for the purpose of receiving, sampling, marking, and shipping cotton to the agent at Mobile, and that he be allowed twelve and a half cents per bale, for such service.

12. The adoption of the above regulations will not be so construed as to forbid advances being made before the delivery of the cotton; but in cases where the citizen is in danger of having his property sacrificed, on his giving satisfactory paper, and evidence of his solvency, the bank will, under the foregoing regulation, purchase bills of exchange on New York, having not longer than the 1st day of February to run: provided, the drawer will execute his written pledge, to deliver a warehouse receipt or the receipt of its agent in Mobile, by the 16th day of January next, a sufficient quantity of cotton to cover said bill to be shipped to our agent in Liverpool, New York, or New Orleans. The drawer of the bill shall have the privilege, after delivering the cotton to our agent, of taking up the bill payable in New York, with one payable in Mobile at nine months from that time; and in case the cotton is not delivered agreeable to contract, the bill shall be forwarded to New York and protested, and the parties immediately sued.

13. That Pitcher & Ball, Esqrs., our agents in Mobile, for receiving and shipping cotton, be furnished with a copy of the foregoing regulations; and that they be authorized (until otherwise instructed) to receive cotton on account of this bank for shipment to Liverpool; and that they transmit to this bank the number of bales, marks, weights, classification, and valuation of such lots or parcels of cotton; and on each report and receipt, the shipper will receive his advance here, according to the foregoing regulations.

14. That Messrs. Fontaine & Prince are appointed the agents of this bank at Liverpool; Messrs. William & Robert Kelly at New York; Messrs. Pitcher & Ball at Mobile; and Messrs. Mann, Brown & Co. at New Orleans.

E. F. CONEYTS, Cashier.

From the New Orleans Bulletin, Sept. 19.

THE RESUMPTION OF SPECIE PAYMENTS!

It is with unfeigned pleasure we lay before our readers the highly interesting correspondence of the committee of presidents of our banks, with the distinguished president of the Bank of the United States; and the resolutions fixing positively the first Monday in January next as the day of general resumption of specie payments by the banks of this city.

NEW ORLEANS, JUNE 18, 1838.

N. BIDDLE, Esq.

President of the U. S. Bank of Pennsylvania:

Sir,—The undersigned committee have the honour to transmit to you, enclosed herewith, certain resolutions adopted by the presidents of the banks of this city, on the 16th inst.

The preamble and resolutions are perhaps sufficiently explanatory to render any comments on them by the undersigned unnecessary; nevertheless, they will make a few remarks, in order to convey a more distinct understanding of their object.

Identified with the agricultural and commercial interests of our common country, the banks of Louisiana, some time before the suspension of specie payments, in May, 1837, adopted a policy similar to that so efficiently maintained by your institution. They depended with confidence on the unbounded resources of an enlightened and industrious people, for the remedy to the evils inflicted on them by those whose duty it was to foster and protect their interests: after the suspension

of specie payments occurred, they looked forward, as they do now, to the removal of the causes which had produced it, as indispensably necessary before the payments in specie could be resumed with advantage to the community or with safety to themselves.

Until the establishment of a national bank, the universal confidence accorded to the notes of your institution, renders them an efficient substitute to a national currency: and it is deemed indispensable to a permanent resumption in January next, to have an understanding with you, by which an amount of your notes may be furnished, sufficient to meet the demands that would otherwise have to be paid in specie by our banks.

At a certain season of the year, as you are aware, the balance of trade in favour of the west amounts to from three to five millions of dollars: a large portion of this is taken in small sums by persons who, possessing little knowledge of bills of exchange or bank checks, take nothing but specie or United States Bank notes, which latter they prefer: this demand alone is sufficient to drain the vaults of our banks. It is true that they could be replenished from other sources; and were this demand the result of an actual want of specie in the west, it would be the legitimate source of supply. But as it arises from the circumstance that the notes of our banks do not pass current in those states, and that notes of general circulation cannot be had, the interests of the community could be in no manner benefited by this periodical drain of specie from Louisiana. Indeed, it is very easy to prove that the substitution of a paper of general circulation for the payment of these balances, is eminently beneficial to all the interests concerned.

The United States Bank of Pennsylvania alone at this time possesses the ability to furnish such a currency; and the undersigned deem it unnecessary to demonstrate to you, that in supplying an amount of notes sufficient to meet these and similar demands, and to receive therefore European and eastern exchange drawn against our exports, while you would effectually contribute to advance the prosperity of the country, you would with equal certainty consult the interests of the institution over which you preside.

Referring you, sir, to the enclosed resolutions, and requesting a reply at your convenience, we are, with great consideration and respect,

Your obedient servants,

SAMUEL J. PETERA,
President City Bank,
BENJAMIN STORY,
President Bank Louisiana,
H. LAVERGNE,
Pres. Consol. Association.

Committee

Bank of the U. S., Sept. 8, 1838.

Dear Sir,—I have had the honour of receiving your favour of the 10th ult. with a copy of the letter from Messrs. Story, Lavergne and yourself, on the subject of the resumption of specie payments by the banks of New Orleans. As that letter contained no specific information as to the extent to which the co-operation of this bank was desired, it has been held under consideration until similar arrangements were made in other quarters of much greater pecuniary embarrassment, and until the approach of the season of business should show more distinctly what was needed at New Orleans, and how the bank could be most useful there. That time has arrived. The object of this bank for a year past has been to defer the resumption of specie payments until it could be safe and general throughout the Union,—and for that purpose not to commence before the southern and southwestern states had reached so near to their coming crops as to be sustained by them in resuming, either directly, or with the aid of

short anticipation. The period fixed by the (your) late convention seems adapted for that purpose; which this bank has endeavoured to facilitate by two measures—first, by large loans to banks in those states where the difficulty of resumption was greatest; and, second, by advances to the government, whose disbursements are spread mainly over the south and west. To these must be added the habitual business and issues of the bank, in those sections, which, combined with the extraneous issues just mentioned, will supply a demand on the northern Atlantic cities of many millions furnished by this bank alone, besides similar resources from other parts of the Union as well as from Europe, and the great mass of claims which your exports are already beginning to accumulate there. New Orleans is in the midst of all these operations, and will have an ample share of them.

The improvement in the currency around her, will lessen the labour of rectifying her own; and without presuming to offer an opinion upon a subject of which the committee of presidents have so much more means, and more ability, to judge than I have, it appears to me that you have now reached a period of the season, when, with the extraordinary advantages which nature and industry have bestowed on New Orleans, a resumption of specie payments would soon be safe, easy, and beneficial. In that good work, the co-operation of this bank will be cheerfully given. In addition to the indirect facilities which I have just stated, we are preparing a large amount of the issues of the bank, which will be sent to New Orleans, with instructions to use them freely, not only in the immediate business of the bank, but whenever they can be made to contribute to the defence of the banks of New Orleans. This effort, I pray you to believe, will be as cordial as, I trust, it may be effectual. The Bank of the United States has, in more forms of its existence, been connected with New Orleans from almost its first introduction into the American family, and feels a deep interest in its prosperity, which we shall always be ready and willing to promote.

With great respect yours,
N. BIDDLE, *President.*

SAMUEL J. PETERS, Esq.,
Chairman Committee of Banks of New Orleans, La.

At a meeting of the presidents of the banks of this city, on Tuesday the 18th September, it was

Resolved, That the communication of the president of the United States Bank at Philadelphia, of the 8th instant, offering to co-operate with the banks of this city in resuming their payments in specie at an early day, and proffering the cordial assistance of that institution in maintaining thereafter specie payments, fully meets the view of the board of presidents of the banks of New Orleans, and confirms their exalted opinions of the enlightened and patriotic policy, for which that institution is so justly distinguished.

Be it resolved unanimously, That the first Monday in January next be, and is hereby fixed, as the day of general and unconditional resumption of specie payments by the banks of this city, of all their obligations, and each bank is hereby recommended to adopt a resolution to that effect without delay, and to communicate the same to the board of presidents.

B. MULLIGAN,
Chairman of the Board of Presidents.

CHARLES BRIGGS, *Secretary.*

FLORIDA COTTON.—A few bales of the new crop was received at Tallahassee, on the 15th Sept. It is thought from the samples that the present crop has never been so good in the territory.

From the New York American.

DIVORCE OF BANK AND STATE—BIDDLE THE IRREDEEMABLE—And other like phrases, form the chief staple of Loco Foco arguments, addresses, and speeches. Take these away, and then the poisoned weapons which honourable warfare disdains, and the party remains destitute of even the appearance of the principle or the show of arms.

We propose to strip away some of these false and foul weapons.

It will be remembered, that at a late session of congress a bill was passed authorizing the sale of the bonds of the Bank of the United States. The bill was understood to be drawn by Silas Wright, with the express purpose of preventing Mr. Biddle from becoming the purchaser—or the bank over which he presides from deriving benefit in any way from the use of the money to be paid for them.

These two bonds amounted to about four millions of dollars.

The treasury department, finding in its need no ready purchaser for these bonds, has, in despite of Mr. Wright's precautions, sold them to the Bank of the United States, and—either as a condition or a consequence of the purchase by the bank—has constituted that bank,—the bank of Biddle the irredeemable,—the depository, and, so far as we know, the sole depository, and chief fiscal agent of the federal government.

Are we asked for proofs of these facts? They are at hand. The sale of the bonds through Mr. McAlister, a broker of Philadelphia, is known and admitted. The fact that the Bank of the United States of Pennsylvania is the depository and fiscal agent of the government was long generally known, though shrewdly suspected, until the appearance within a short time, in the market, of drafts on that bank in all the accustomed forms of treasury drafts. One of them runs in this wise,

Treasury of the United States, {
Washington, ———, —, }

At sight pay to the order of ———, fifteen thousand dollars.

J. B. RANDOLPH,
Acting Treasurer of the United States.
T. L. SMITH,
Register of Treasury.

To the Pennsylvania Bank of the U. S.

Here, then, is the evidence, that while bawling against this "irredeemable bank," and protesting that the divorce between the government and the banks is complete, the treasury of the United States does actually employ Mr. Biddle's agency and that of his bank, in conducting the fiscal affairs of the nation! What will the writers and voters of the address of the Loco Foco Young Men's Meeting at Utica say to this practical impeachment of the truth and justice of their denunciations of the Bank of the United States, and their oft-repeated approbation of, and devotion to, the "divorce of bank and state, as a final and complete dissolution of the unholy alliance which has too long kept the money of the people in the hands of usurers and speculators?" The chief and head of usurers and speculators, according to the Globe and those who swear by it, now appears to be the chosen agent of the treasury, and his bank the selected depository of the moneys of the people.

An examination of the law authorizing the sale of these bonds will establish the position that the Pennsylvania Bank of the United States was selected as a "proper depository." The act consists of two sections; the first authorizes the sale of the bonds, limiting it to

par—the second, which is the material one, is in these words:—

"Sec. 2. And be it further enacted, That all money received upon the sale of the said bonds shall be immediately paid into the treasury of the United States, or placed to the credit of the treasurer thereof, in some proper depository, in the same manner that other moneys, received for dues to the government, are by law directed to be paid into the treasury."

Now, then, one of two things—the money for these bonds was immediately paid into the treasury of the United States, and then of choice deposited by the treasury in the Pennsylvania Bank of the United States, —or, the money was at once placed to the credit of the treasurer by that bank, on condition of its remaining there in deposit till wanted, and as wanted. In either case, the treasury deliberately adopted that bank as its agent—thus giving the lie at once both to the abuse and denunciations which it sanctions and encourages, of that bank, and to its professions in favour of a divorce of the government from banks.

We commend this matter to the special consideration of all writers of Loco Foco addresses, resolutions, or speeches—and to the various pot-house brawlers and declaimers, that infest the land with their parrot notes—laughed at by none more heartily than their employers—about hard money, independent treasury, and the monster Biddle.

CAPITAL AND PROFITS OF THE BANK OF ENGLAND.

The capital actually paid up by the proprietors of bank stock, was £11,642,000. The last payment was made in the year 1782.

In the years 1799, 1801, 1802, 1804, 1805, and 1806, the proprietors received (exclusive of the dividends) bonuses which altogether amounted to 32½ per cent. upon the capital. This was equivalent to a return of the capital to that extent. The bank capital stood now as follows:—

Capital paid up by the proprietors,	£11,642,000
Deduct 32½ per cent. returned in bonuses,	3,783,780

Net capital paid up by proprietors,	£7,858,220
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At this time £100 bank stock represented £67 10s. paid up capital, and the remainder £32 10s. was surplus profit.

In the year 1816, the capital of £11,642,000 was increased 25 per cent. out of the surplus profits, and the same rate of dividend continued upon the increased capital of £14,553,000.

Hence, from 1816 to this time, the

Capital of the bank has been,	£14,553,000
Capital paid up by the proprietors,	7,858,220

Remainder made up out of surplus profits,	£6,694,780
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Hence, £125 bank stock represents £67 10s. capital paid up by the proprietors; and £57 10s. made up of surplus profits. And £100 bank stock represent £54 paid up capital, and £46 surplus profits.

In 1799 the dividends were at the rate of 7 per cent. upon a paid up capital of £11,642,400. Here the shareholders received 7 per cent. upon the money they had advanced.

In 1807, the dividend was raised to 10 per cent. upon a capital of £11,642,400, of which the paid up capital was £7,858,200. This was after the rate of nearly 15 per cent. upon the money advanced by the proprietors.

From 1816 to 1822, both inclusive, the dividend was continued at 10 per cent. upon the increased capital of £14,553,000, of which only £7,858,200 had been ad-

vanced by the proprietors. This gave a dividend upon the money advanced at the rate of 18½ per cent. per annum. In 1823, the dividend was reduced to 8 per cent. upon the capital of £14,553,000. This was after the rate of nearly 15 per cent. upon the capital advanced by the proprietors.

Besides the capital of £14,553,000, the bank has surplus profits, which they call the rest, amounting to £2,878,316. Hence, the capital and profits of the bank stand as follows:—

Capital upon which dividends are paid,	£14,553,000
Rest, or surplus profits, March, 1837,	2,878,316

	17,431,316
Capital paid up by the shareholders,	7,858,220

Total surplus profits,	£9,573,096
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Thus, it will be perceived, that the bank is receiving nearly 15 per cent. upon their paid up capital, and has, in former years, received above 18 per cent. And, notwithstanding this high rate of dividend, they have accumulated from paid up capitals of £7,858,200, surplus profits to the amount of £9,573,096.—*Joint Stock Bankers' Journal.*

RUN ON BANK.—Mr. Gilbert states that the first run in the history of banking in this country occurred in 1667, twenty-seven years before the establishment of the Bank of England. The Dutch Admiral, D. Ruyter, had taken Sheerness, and had sent his vice-admiral, Von Ghent, up the Medway to destroy Chatham. The greatest alarm prevailed in London; and, we learn from Pepys's "Diary," that confusion and imbecility prevailed in the councils of the government. The citizens ran to their goldsmiths or bankers to withdraw their money. Various efforts were made to restore confidence. There was another extraordinary run in 1745, on the Bank of England, when the army of the Pretender was rapidly marching on the metropolis. A public meeting was held, and upwards of a thousand merchants signed a declaration expressing their readiness to take bank notes. At that critical period, the bank paid cash in silver instead of gold to gain time. A still more remarkable run, from the consequences which it produced, was in 1797. Fears of foreign invasion prevailed, the government required money, and public confidence was shaken. On Saturday, the 25th February, there was only £1,270,000 in coin and bullion remaining in the coffers of the bank.

On Monday an order in council was distributed among the crowd assembled at the bank to demand gold, intimating that government had exempted the bank from payments in cash. It was then that notes for so small a sum as £1 were authorised to be issued. The restriction of cash payments continued during the long and expensive war. The bank made an effort to return to cash payments from 1817 to 1819; but it was not until the 1st of May, 1821, that payments in specie legally and permanently commenced. Since that time, except for a short period at the end of 1825, Bank of England notes under 5s. have been withdrawn from circulation, and ultimately all bank notes under 5s. were prohibited throughout England. In the "panic" of 1825, the run on the Bank of England was the greatest that had taken place since 1797. In April or May, 1825, the bank had about 10,000,000l. of bullion, and by November it was reduced to 1,300,000l.

During the run, gold was handed over as soon as called for, in bags of twenty-five sovereigns each. But at that critical time, says a bank director, "bullion came in, and the mint coined; they worked double tides,—in short, they were at work night and day; we

were perpetually receiving gold from abroad and coin from the mint. In one day the bank discounted 4,200 bills. On the 8th December, 1825, the discounts of the bank were 7,500,000*l.*; on the 15th they were 11,500,000*l.*; on the 22d, 14,500,000*l.*; and on the 29th they were 13,000,000*l.* The annual average of commercial paper under discount at the bank was 2,946,500*l.* in 1795; in 1800 it was 6,401,900; from 1805 to 1816 it varied from 11,000,000*l.* to 20,000,000*l.*; from 1817 to 1826 it varied from about 2,000,000*l.* to 6,000,000*l.*; in 1830 it was only 919,000*l.*; and in 1831, 1,533,600*l.* The annual average loss by bad debts on discounts has been, from 1795 to 1831, both inclusive, 31,696*l.*—*Penny Magazine.*

From the New York Star.

IMPORTANT DISCOVERY IN PURIFYING GOLD SAND.—Our Virginia, Carolina, and other gold mine proprietors, will probably like to know that the Gazette of Commerce, of St. Petersburg, has just published the results of important experiments made at the mines of Zlatoust, on the different methods of extraction, by washing, the amalgam and acids. Col. Anassoff, of the corps of mining engineers, conceived the fortunate thought of melting the sands, to extract first the iron, on the belief that the grains of gold were chiefly mingled with the oxide of iron in the sands. The results are these:—It is found the amalgam yielded eight times more gold than the washing; the moist way by acids ten times more, and the melting of 2800 puds of sand yielded twenty-nine times more. These experiments are to be carried on upon a still greater scale throughout the line of Oural mountains.

THE PRECIOUS METALS.—The recent discovery made in Russia of extracting the precious metals from the ore by means of fire instead of the old process of washing, has turned the attention of parties connected with mines in Mexico and South America to the subject. The rise which has taken place in the price of quicksilver, within the last three years, from 1*s.* 10*d.* to 3*s.* 6*d.* per lb. has occasioned, it is well known, a large quantity of inferior ore to remain unproductive, the expense of extracting the metal, according to the old plan, being more than commensurate with the hitherto supposed intrinsic value. Arguments have at various times been advanced, that the exhausted condition of the mines hitherto discovered would not, in the course of a few years, yield sufficient metal, silver particularly, to supply the requirements of the increasing population of the world as regards the coinage, as well as the luxuries; but it is now presumed, that, by means of this new process, the supply will keep pace with the demand, at all events for a much longer period. The information on the subject, however, which has been transmitted to England, is not sufficiently copious to enable us to go more fully into the question at present; but we have reason to know that the government of Russia has taken great interest in the discovery, and has instructed men of science to investigate the matter.

From the Buffalo Commercial Advertiser.

INFAMOUS FRAUD.—The Detroit Daily Advertiser contains a summary of the report of the bank commissioners of Michigan, exhibiting the condition of the "Farmer's Bank of Genesee County," by which a development of rascality is made, absolutely astounding. The bank seems to have been purposely established as a regular swindling shop, on a large scale.

The commissioners entered into an examination of the affairs of the bank. They found no officer in charge, and no set of books had ever been kept. It

appears that the first election of directors took place on the 30th December, 1837, on which day H. R. Jerome was elected President, and R. M. Morrison, Cashier. The security of the bank, a bond of \$250,000, was filled and approved by the treasurer and clerk, and the bank commenced operations. On the 4th of January last, Robert J. S. Page was elected cashier. The commissioners found a file of notes designated "stock notes," a file of receipts to the several subscribers to stock, and ~~unendorsed~~ notes to the amount of \$168,653 50! Two of these notes, amounting to upwards of \$60,000, were given by H. R. Jerome, the president, payable five years after date! Two others, for \$53,000 and odd, were given by Dolos Davis, payable also five years after date! Two others, for upwards of \$52,000, given by Rufus Brown, Jr., were also made payable five years after date!

The bills found in the bank, signed by Jerome as president and Page as cashier, amounted to \$3,455. *No specie or foreign bills of any description* were found! Copies only of the bonds and mortgages, given as securities, could be found. The whole amount of specie which appears at any time the *bona fide* property of the bank was only \$1,500. Instead of the 10 per cent. specie payment, the stock subscribers gave to the treasurer their individual notes for the instalment payable in specie, for which the treasurer gave specie receipts! The commissioners further say there is no evidence that any instalments of the capital stock were ever paid according to law.

A statement of the condition of the bank in January exhibited twenty thousand dollars in specie, which specie consisted of two certificates of deposit, one from the "Bank of Oakland" for \$10,000, and one from the "Clinton Canal Bank" for \$10,000. No deposit was made in either case, the certificates having been loaned for the purpose, and returned the same day.

As there are no entries in any bank book designating the issues, it was impossible to ascertain the number. To meet the liabilities of the bank, there are discounted endorsed notes amounting to \$10,965, individual receipts for exchange purposes for \$1,170, and the notes of Jerome, Davis, and Brown, amounting to the sum of \$168,653 50.

DOMESTIC INTELLIGENCE.

TREASURY NOTES.

Treasury Department, Oct. 1, 1838.

The whole amount of treasury notes authorised by the act of October 12, 1837, having been issued viz:

\$10,000,000 00	
And there having been redeemed of them about	7,511,850 00
The new emissions made in place of those under the act of May 12, 1838, have been	5,709,810 01
There have been returned into the treasury of these last about	101,500 00
This leaves a balance of all outstanding equal to only about	8,096,460 01

LEVI WOODBURY,
Secretary of the Treasury.

SOUTHERN CONVENTION MEETING.—We learn from the Natchez Courier, that the meeting called in that city on the 15th instant, for the purpose of determining on the expediency of sending delegates to the commercial convention, to be held at Augusta, in Georgia, on the 3d October next, did not organise. Very few citizens attended—not over forty—all of whom were men of intelligence and standing, and a majority of whom were opposed to sending delegates.

And about fifteen respectable citizens were instrumental in calling the meeting, and but one of those gentlemen was present; so nothing has been done at Natchez auxiliary to the southern commercial convention.

BANK OF U. S. in New York.—This institution commenced business on the 27th September, with all the form and reality of a bank. The number of accounts opened was very large, and the money deposited about a million of dollars, of which there remained at night, after paying the checks of depositors, over four hundred thousand dollars.

The Francois Premier, which sailed for Havre on the 24th, took out \$185,000 in specie. We believe this is the largest amount shipped since the suspension.—*N. Y. Waig, Sept. 29.*

Orders have been received from England to purchase flour at \$8½ a \$9, and the Columbus, which sails on Monday, is to take out 1000 barrels.—*Id.*

A New Bank.—We understand that arrangements are already nearly consummated for the establishment of a bank in this city under the new banking law, to be called "The Merchants' Exchange Bank of Buffalo," with a capital of \$200,000.—*Id.*

The corn averages as published give 72s. 11d. for the six weeks ending August 31, which reduces the duty to 2s. 8d. The weekly average is 74s. 5d.; the weekly average on July 27 was 69s. 1d. In the next week this last average was to be excluded from the last six weeks, and the average for the week ending September 7th to be added, and unless the average shall be below 69s. 1d. (the average of the week to be excluded)—the next six will be 73s. and the duty will be down to its minimum price of 1s.—*London paper, September 7.*

ALABAMA BANKS.—We learn from a private letter received by the express mail of yesterday, that the recent convention of the Alabama Banks had dissolved without fixing a day for resumption. Two of the Mobile banks were in favour of fixing the first of January, but they found no support in the convention.—*N. Y. Cour.*

SALES OF STOCK AT PHILADELPHIA.

October 9.

15 shares	Philadelphia Bank,	109½	100
35 "	Farmers' and Mech. Bank,	64	50
6 "	Commercial Bank,	63	50
1 "	"	63½	
1 "	Pennsylvania Bank,	504	400
20 "	Western Bank,	55	50
3 "	Pennsylvania Ins.	440	400
50 "	Philadelphia Savings,	24½	25
2 "	Lehigh Coal,	92½	50
3 "	"	92½	
\$2665	Lehigh Sixes, 1845,	101½	100

SALES OF STOCK AT NEW YORK.

October 6.

460 shares	U. S. Bank,	123	121½
485 "	Del. and Hudson Canal,	72	72
75 "	Vicksburg Bank,	77½	77
25 "	Ohio Life and Trust,	106½	
125 "	Mohawk Railroad,	71½	71½
25 "	Boston & Providence R.R.,	103½	
50 "	N. J. Railroad & T. Co.	102½	
85 "	Stonington Railroad,	48	48½
50 "	Harlem Railroad,	56½	

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

October 6.

Bills on London, 60 days sight,	10½ a 10½ p. cent. prem.
" France,	5 15 a 5 17½ fr. p. doll.
" Holland,	40½ a 41 cts. p. guilder.
" Hamburg,	35½ a 36½ cts. p. mrc. ba.
" Bremen,	79½ a 80 cts. p. rix doll.
" Boston,	par a ½ discount.
" Philadelphia,	½ a ½ do.
" Baltimore,	½ a ½ do.
" Richmond,	1½ a 2 do.
" N. Carolina,	3½ a 4 do.
" Charleston,	1½ a 2½ do.
" Savannah,	1½ a 2 do.
" Augusta,	1½ a 2 do.
" Mobile,	5½ a 6 do.
" New Orleans,	9½ a 3½ do.
" Louisville,	2 a 2½ do.
" Nashville,	5 a 5½ do.
" Natchez,	7½ a 8 do.
" St. Louis,	2½ a 3½ do.
" Cincinnati,	1½ a 2½ do.
" Michigan,	10 a 12 do.
" Detroit,	4 a 5 do.
American gold,	7 premium.
do. new coinage,	par a ½ do.
Spanish dollars,	2½ a 3½ do.
Carolin do.	6 a 7 do.
Mexican dollars,	1 a 1½ do.
Half dollars,	par a ½ do.
Five-franc pieces,	94½ a 94½ cents each.
Doubloons,	\$16 30 a \$16 45 do.
do. patriot,	15 60 a 15 68 do.
Sovereigns,	\$4 85 each.

WEDNESDAY, OCTOBER 10, 1838.

TO SUBSCRIBERS.—The resumption of specie payments by most of the banks in the United States, and the probability that by the first of January next, all the rest will have followed the example, renders it quite certain that sufficient support for this publication cannot be relied upon after that period, and the publisher therefore gives notice, that after the completion of the present volume on the last Wednesday of December next, the work will be discontinued. Non-resident subscribers who have not paid for the current volume are respectfully requested to remit as before. Those who reside in Philadelphia, New York, Boston, and Baltimore, will be called upon. Both volumes can be supplied to new subscribers on the payment of five dollars.

ERRATA.—In the report of exchanges, at page 176, read "September 8," instead of "September 1;" and at page 224, read "September 29," instead of "September 22."

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

Subscriptions received by
Weeks, Jordan & Co., Boston;
Wm. Bama, 302 Broadway, New York;
Nathan Rickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, OCTOBER 17, 1838.

No. 1.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

SUMMARY OF LAW.

(Continued from page 234.)

No more than one action or suit can be brought against any such corporation or copartnership for the recovery of one demand, in case the merits shall have been tried in such action or suit; and the proceedings in any action or suit by or against any one of the public officers nominated as aforesaid, for the time being of any such copartnership, may be pleaded in bar of any other action or suit for the same demand by or against any other of the public officers of such copartnership.*

All decrees or orders made in any suit or proceeding in any court of equity against any public officer of any such copartnership have the same effect against the property and funds of such copartnership, and against the persons and property of every or any member or members thereof, as if every or any such members of such copartnership were parties members before the court to and in such suit or proceeding; and any court in which such order or decree shall have been made, may cause it to be enforced against every or any member of such copartnership in like manner as if every member of such copartnership were parties before such court to and in such suit or proceeding, and although all such members are not before the court.†

All judgments or decrees recovered or entered up against any public officer are to have the same effect against the property of such copartnership, and that of every member, as if they had been obtained against the copartnership. The bankruptcy, insolvency, or stopping payment of any public officer in his individual capacity is not to be construed to be the bankruptcy, insolvency, or stopping

payment of such copartnership; and the copartnership, and every member thereof, together with the capital stock and effects of such copartnership, and the effects of every member of it, are in all cases, notwithstanding the bankruptcy, insolvency, or stopping payment of any such public officer, to be attached and attachable, and in all respects liable to the lawful claims and demands of the creditors of such copartnership and of any member or members thereof, as if no such bankruptcy, insolvency, or stopping payment of such public officer had taken place.*

Execution upon any judgment in any action obtained against any public officer for the time being of any such corporation or copartnership, whether as plaintiff or defendant, may be issued against any member or members of such corporation or copartnership. In case any such execution against any such member or members shall be ineffectual for obtaining satisfaction of the amount of such judgment, the party having obtained the judgment may issue execution against any person who was a member of such corporation or copartnership at the time when the contract or engagement in which such judgment may have been obtained was entered into, or who had become a member at any time before such contract or engagement was executed, or was a member at the time of the judgment obtained. But no such execution as that last mentioned can be issued without leave first granted on motion in open court, by the court in which such judgment shall have been obtained, notice having been given to the person sought to be charged; nor after the expiration of three years next after any such person shall have ceased to be a member of such corporation or copartnership.†

Every such public officer, in whose name any such suit or action shall have been commenced, prosecuted, or defended, and every person against whom execution upon any judgment in any such action shall have been issued, is, however, always to be re-imbursed and fully indemnified for all loss, damages,

names, title, or firm, of such intended or existing corporation or copartnership, and also the names and places of abode of all the members of such corporation, or of all the partners concerned or engaged in such copartnership, as the same respectively shall appear on the books of such corporation or copartnership, and the name or firm of every bank or banks established or to be established by such corporation or copartnership; and also the names and places of abode of two or more persons being members of such corporation or copartnership, and being resident in England, who shall have been appointed public officers of such corporation or copartnership, together with the title of office or other description of every such public officer respectively, in the name of any one of whom such corporation shall sue and be sued, as afterwards provided; and also the names of every town and place where any of the bills or notes of such corporation or copartnership shall be issued by any such corporation, or by their agent or agents. Every such account, or return, shall be delivered to the commissioners of stamps, at the stamp-office in London, who shall cause the

same to be filed and kept in the stamp-office, and an entry and registry thereof to be made in a book or books to be there kept for that purpose, by some person or persons to be appointed by the commissioners in that behalf. Such book or books any person shall from time to time have liberty to search and inspect, on payment of the sum of one shilling for every search.

The account, or return, is to be made out by the secretary,* or other person being one of the public officers of the establishment, and to be verified by his oath, taken before any justice of the peace (which oath any justice of the peace is by the act authorised and empowered to administer;) and such account, or return, is to be delivered by such secretary, or public officer, to the commissioners of stamps between the twenty-eighth day of February and twenty-fifth day of March in every year after such corporation or copartnership shall have been formed. The commissioners are directed to file such account or return, and to keep it in the manner and for the purposes before mentioned.

A copy of every such return so filed, or kept and registered at the stamp office, certified to be a true copy under the hand or hands of one or more of the commissioners of stamps for the time being, upon proof made that such certificate has been signed with the handwriting of the person or persons making the same (and whom it is not necessary to prove to be a commissioner or commissioners,) is in all proceedings, civil or criminal, and in all cases whatsoever, to be received in evidence as proof of the appointment and authority of the public officers named in such account or return; and also of the fact, that all persons named therein as members of such corporation or copartnership were members thereof at the date of such account or return.† A certified copy of any such account, or return, may, for any purpose, be obtained from the commissioners of stamps, upon payment of a fee of ten shillings.‡

It is the duty of the secretary, or other officer of every such corporation or copartnership, as often as occasion shall render it necessary, to make out upon oath, in the manner before directed, and cause to be delivered to the commissioners of stamps, a further account or return, according to the form contained in the schedule marked (B.),§

the Third, intituled, "An Act for establishing an agreement with the governor and company of the Bank of England for advancing the sum of three millions towards the supply for the service of the year one thousand eight hundred," as relates to the same.

Firm or name of the banking corporation or copartnership, viz. [set forth the firm or name.]

Names and places of abode of all the partners concerned or engaged in such corporation or copartnership, viz. [set forth all the names and places of abode.]

Names and places of the bank or banks established by such corporation or copartnership, viz. [set forth all the names and places.]

Names and descriptions of the public officers of the said banking corporation or copartnership, viz. [set forth all the names and descriptions.]

Names of the several towns and places where the bills or notes of the said banking corporation or copartnership are to be issued by the said corporation or copartnership, viz. [set forth the names of all the towns and places.]

"A. B. of —, Secretary [or other officer, describing the office] of the above corporation or copartnership, maketh oath and saith, That the above doth contain the name, style, and firm of the above corporation or copartnership, and the names and places of the abodes of the several members thereof, and of the banks established by the said corporation or copartnership, and the names, titles, and descriptions of the public officers of the said corporation or copartnership, and the names of the towns and places where the notes of the said corporation or copartnership are to be issued, as the same respectively appears in the books of the said corporation or copartnership, and to the best of the information, knowledge, and belief of this deponent."

Sworn before me, the — day of —, at —, in the county of —,

C. D., justice of the peace in and for the said county.*

* Schedule A, 7. Geo. IV. c. 46.

* s. 5. † s. 6. ‡ s. 7.
§ Return, or account, to be entered at the Stamp Office in London, on behalf of [name the corporation or copartnership], in pursuance of an act passed in the seventh year of the reign of King George the Fourth, intituled [insert the title of the act], viz.

of the name of any person who shall have been nominated or appointed a new or additional public officer of such corporation or copartnership, and of the name of any person who shall have ceased to be a member of such corporation or copartnership; also of the name of any person who shall have become a member of such corporation or copartnership, either in addition to or in the place of any former member thereof, and of the name of any new or additional town or place where bills or notes are or are intended to be issued, and where the same are to be made payable. Such further accounts or returns are to be filed and kept at the stamp office in London, in the same manner as the original or annual account or return already mentioned.* All actions and suits, and also all petitions to found any commission of bankruptcy against any person who may be at any time indebted to any such copartnership carrying on business under the provisions of the act, and all other proceedings at law or in equity to be commenced or instituted for or on behalf of any such copartnership against any person, or bodies politic or corporate, or others, for recovering any debts, or enforcing any claims or demands due to such copartnership, or for any other matter relating to the concerns of such copartnership, are to be commenced and prosecuted in the name of any one of the public officers nominated as aforesaid, for the time being, of such copart-

nership, as the nominal plaintiff or petitioner for and on behalf of such copartnership. All actions and proceedings at law or in equity, to be commenced by any person, bodies politic or corporate, or others, whether members of such copartnership or otherwise, against such copartnership, are to be commenced and prosecuted against any one or more of the public officers nominated as aforesaid, for the time being of such copartnership, as the nominal defendant, for and on behalf of such copartnership. In the same manner, all indictments, informations, and prosecutions, by or on behalf of such copartnership, for any stealing, or embezzlement of any money, goods, effects, bills, notes, securities, or other property of or belonging to such copartnership, or for any fraud, forgery, crime, or offence committed against or with intent to injure or defraud such copartnership, may be preferred and carried on in the name of one of the public officers nominated as aforesaid, for the time being of such copartnership. And in all indictments and informations to be preferred by or on behalf of such copartnership, against any person whomsoever, notwithstanding such person may happen to be a member of such copartnership, it will be sufficient to state the money, goods, effects, bills, notes, securities, or other property of such copartnership, to be the money, goods, effects, bills, notes, securities, or other property of any one of the public officers nominated as aforesaid, for the time being of such copartnership. Any forgery, fraud, or crime, or other offence committed against, or with intent to injure or defraud any such copartnership, may in such indictments, notwithstanding as aforesaid, be laid or stated to have been committed against, or with intent to injure or defraud any one of the public officers nominated as aforesaid, for the time being of such copartnership; and any offender may thereupon be lawfully convicted for any such forgery, fraud, crime, or offence. In all other allegations, indictments, informations, or other proceedings, of any kind whatsoever, in which it otherwise might or would have been necessary to state the names of the persons composing such copartnership, it will be sufficient to state the name of any one of the public officers nominated as aforesaid, for the time being of such copartnership. The death, resignation, removal, or any act of such public officer, is not to abate or prejudice any such action, suit, information, prosecution, indictment, or other proceedings, commenced against, or by or on behalf of such copartnership; but the same may be continued, prosecuted, and carried on in the name of any

Names of any and every new or additional public officer of the said corporation or copartnership, viz.

A. B. is the room of C. D. deceased, or removed, (as the case may be; set forth every name).

Names of any and every person, who may have become a new member of such corporation or copartnership, (set forth every name).

Names of any additional towns or places where bills or notes are to be issued, and where the same are to be made payable.

A. B. of —, secretary (or other officer) of the above-named corporation or copartnership, maketh oath and saith, That the above doth contain the name and place of abode of any and every person who hath become or been appointed a public officer of the above corporation (or copartnership), and also the name and place of abode of any and every person who hath ceased to be a member of the said corporation (or copartnership), and of any and every person who hath become a member of the said corporation (or copartnership) since the registry of the said corporation or copartnership on the — day of — last, as the same respectively appear on the books of the said corporation (or copartnership), and to the best of the information, knowledge, and belief of this deponent.

Sworn before me the — day of —, at —, in the county of —.

C. D., justice of the peace in and for the said county.

"Four general courts to be held in every year, in the months of September, December, April, and July. A general court may be summoned at any time, upon the requisition of nine proprietors, duly qualified as electors.

"The majority of electors in general courts have the power to make and constitute by-laws and ordinances for the government of the corporation, provided that such by-laws and ordinances be not repugnant to the laws of the kingdom, and be confirmed and approved, according to the statutes in such case made and provided."

"The corporation is prohibited from engaging in any sort of commercial undertaking other than dealing in bills of exchange, and in gold and silver. It is authorised to advance money upon the security of goods or merchandise pledged to it, and to sell, by public auction, such goods as are not redeemed within a specified time.

"It was also enacted, in the same year in which the bank was established, by statute 6 William and Mary, cap. 20, that the bank 'shall not deal in any goods, wares, or merchandise (except bullion,) or purchase any lands or revenues belonging to the crown, or advance or lend to their majesties, their heirs or successors, any sum or sums of money by way of loan or anticipation, on any part or parts, branch or branches, fund or funds, of the revenue, now granted or belonging, or hereafter to be granted to their majesties, their heirs and successors, other than such fund or funds, part or parts, branch or branches of the said revenue only, on which a credit of loan is, or shall be, granted by parliament.' And in 1697 it was enacted, that the 'common capital and principal stock, and also the real fund of the governor and company, or any profit or produce to be made thereof, or arising thereby, shall be exempted from any rates, taxes, assessments, or impositions whatsoever, during the continuance of the bank; and that all the profit, benefit, and advantage, from time to time arising out of the management of the said corporation, shall be applied to the uses of all the members of the said corporation of the Governor and Company of the Bank of England, rateably and in proportion to each member's part, share, and interest in the common capital and principal stock of the said governor and company hereby established.'

"It was further enacted, in 1697, that the forgery of the company's seal, or of any sealed bill or bank note, should be felony without benefit of clergy, and that the making of any

alteration or erasure in any bill or note should also be felony.

"In 1696, during the great recoinage, the bank was involved in considerable difficulties, and was even compelled to suspend payment of her notes, which were at a heavy discount. Owing, however, to the judicious conduct of the directors, and the assistance of government, the bank got over the crisis. But it was at the same time judged expedient, in order to place her in a situation the better to withstand any adverse circumstances that might afterwards occur, to increase her capital from 1,200,000*l.* to 2,201,171*l.* In 1703, the directors undertook to pay off and cancel one million and a half of exchequer bills which they had circulated two years before, at four and a half per cent. with the interest on them, amounting in all to 1,775,028*l.*; which increased the permanent debt due by the public to the bank, including 400,000*l.* then advanced in consideration of the renewal of the charter, to 3,375,028*l.*, for which they were allowed six per cent. The bank capital was then also doubled, or increased to 4,402,343*l.* But the year 1708 is chiefly memorable, in the history of the bank, for the act that was then passed, which declared, that during the continuance of the corporation of the Bank of England, 'it should not be lawful for any body politic, erected or to be erected, other than the said Governor and Company of the Bank of England, or for other persons whatsoever, united or to be united in covenants or partnerships, exceeding the number of six persons, in that part of Great Britain called England, to borrow, owe, or take up any sums or sums of money on their bills or notes payable on demand, or at any less time than six months from the borrowing thereof.' This proviso, which has had so powerful an operation on banking in England, is said to have been elicited by the Mine-adventure Company having commenced banking business, and begun to issue notes.

"The charter of the Bank of England, when first granted, was to continue for eleven years certain, or till a year's notice after the 1st of August, 1705. The charter was further prolonged in 1697. In 1708, the bank having advanced 400,000*l.* for the public service, without interest, the exclusive privileges of the corporation were prolonged till 1733. And, in consequence of various advances made at different times, the exclusive privileges of the bank have been continued by successive renewals, to a year's notice after the 1st of August, 1833. The last renewal was made in 1800, by the act 40 Geo. III. cap. 28, in consideration of an advance by the bank to

the public of three millions for six years without interest."—M'CULLOCH's *Dictionary of Commerce*—Art. *Bank of England*.

B.

For the amount of the bonuses occasionally distributed amongst the bank proprietors, see table E in this Appendix.

C.

"At the end of the war, the naval and military pensions, superannuated allowances, &c. (all included under the term *Dead Weight*) amounted to above 5,000,000*l.* a year. They would of course have been gradually lessened, and ultimately extinguished, by the death of the parties. But it was resolved, in 1822, to attempt to spread the burden over the whole period of forty-five years, during which it was calculated the annuities would continue to decrease. To effect this purpose, it was supposed that, upon government offering to pay 2,800,000*l.* a year for forty-five years, capitalists would be found who would undertake to pay the entire annuities; according to a graduated scale previously determined upon, making the first year a payment of 4,900,000*l.* and gradually decreasing the payments until the forty-fifth and last year, when they were to amount only to 300,000*l.* This supposition, however, was not realised. No capitalists were found willing to enter into such distant engagements. But in 1823 the bank agreed, on condition of receiving an annuity of 585,740*l.* for forty-four years, commencing the 5th of April 1823, to pay on account of the pensions, &c. at different specified periods, between the years 1823 and 1828, both inclusive, the sum of 13,089,419*l.* 4 *Gu.* IV. c. 22."—M'CULLOCH's *Dictionary of Commerce*—Art. *Bank*.

D.

Facilities granted in drawing Accounts, since the year 1825.

1. The bank receive dividends by power of attorney for all persons having drawing accounts at the bank.

2. Dividend warrants are received at the drawing office for ditto.

3. Exchequer bills and other securities are received for ditto; the bills exchanged, the interest received, and the amount carried to their respective accounts.

4. Checks may be drawn for 5*l.* and upwards, instead of 10*l.* as heretofore.

5. Cash-boxes taken in, contents unknown,

for such parties as keep accounts at the bank.

6. Bank notes are paid at the counter; instead of drawing tickets for them on the pay clerks, as heretofore.

7. Checks on city bankers, paid in by three o'clock, may be drawn for between four and five; and those paid in before four will be received and passed to the account the same evening.

8. Checks paid in after four are sent out at nine o'clock the following morning, received and passed to account, and may be drawn for as soon as received.

9. Dividend warrants taken in at the drawing office until five in the afternoon, instead of till three as heretofore.

10. Credits paid into account are received without the bank book, and are afterwards entered therein without the party claiming them.

11. Bills of exchange accepted payable at the bank, are paid with or without advice; heretofore with advice only.

12. Notes of country bankers payable in London are sent out the same day for payment.

13. Checks are given out in books, and not in sheets as heretofore.

J. RITTON, Chief Cashier.

Bank of England, 4th June, 1832.

Report, p. 26.

E.

ACCOUNT OF CAPITAL AND PROFIT.

A statement (compiled by Mr. Heppel) of the variations in the amount of the capital of the Bank of England, from the date of the first charter, and of the annual profits, annual dividends, and occasional distributions in bonuses, since the year 1790, in so far as the same can be ascertained from the accounts presented to the committee.*

* As the dividends which were shared by the bank previous to 1790 are not included in the accounts rendered to the committee, I extract a statement of them from Mr. M'Culloch's *Dictionary of Commerce*—one of the most useful as well as the most ably executed works of that description that have ever come under my observation. I am indebted to it for some valuable materials which will be found in this Appendix.

Years.	Dividend.	Years.	Dividend.
1694	8 p. ct.	Michaelmas	1732 5½ p. ct.
1697	9 —	Lady-day	1747 5 —
1708	Varied	Lady-day	1753 4½ —
1729	from 9	Michaelmas	1753 5 —
	to 5½	Lady-day	1754 4½ —
Lady-day	1730 6 —	Michaelmas	1764 5 —
Michaelmas	1730 5½ —	Michaelmas	1767 5½ —
Lady-day	1731 6 —	Michaelmas	1781 6 —
Michaelmas	1731 5½ —	Lady-day	1788 7 —
Lady-day	1723 6 —		

Date.	Amount of capital.	Annual profit.	Annual Dividend.	Rate pr. ct.	Amount of Est.	Occasion! Bonuses.
1694	£1,200,000	—	—	—	—	—
1697	2,201,171	—	—	—	—	—
1707	1,200,000	—	—	—	—	—
1709	5,058,547	—	—	—	—	—
1710	5,559,995	—	—	—	—	—
1722	8,959,995	—	—	—	—	—
1742	9,800,000	—	—	—	—	—
1746	10,780,000	—	—	—	—	—
1782	11,642,400	—	—	—	—	—
1790	—	£752,908	£814,968	7	£2,757,310	—
1791	—	823,058	814,968	—	2,765,409	—
1792	11,642,400	780,078	814,968	7	2,730,510	—
1793	—	908,288	814,968	—	2,823,830	—
1794	—	985,218	814,968	—	2,994,080	—
1795	—	999,978	814,968	—	3,109,090	—
1796	—	951,188	814,968	—	3,245,310	—
1797	—	1,040,978	814,968	—	3,471,320	—
1798	—	758,058	814,968	—	3,414,410	—
1799	—	1,464,288	814,968	—	2,899,490	£1,164,240
1800	—	1,822,108	814,968	—	3,906,630	—
1801	—	1,345,348	814,968	—	3,854,890	582,120
1802	—	1,424,508	814,968	—	4,168,370	296,060
1803	—	1,357,368	814,968	—	4,710,770	—
1804	—	1,592,768	814,968	—	4,836,450	582,120
1805	—	1,531,508	1,397,088	12	4,960,870	—
1806	—	1,460,538	1,397,088	—	5,024,320	—
1807	—	1,093,660	1,164,240	10	4,953,740	—
1808	—	1,346,730	1,164,240	—	5,136,230	—
1809	—	1,284,400	1,164,240	—	5,256,390	—
1810	—	1,661,960	1,164,240	—	5,754,110	—
1811	—	1,374,200	1,164,240	—	5,964,070	—
1812	—	1,599,770	1,164,240	—	6,399,600	—
1813	—	1,595,140	1,164,240	—	6,530,500	—
1814	—	1,559,150	1,164,240	—	7,225,410	—
1815	—	2,257,380	1,164,240	—	8,318,550	—
1816	14,553,000	2,129,040	1,309,770	—	6,227,920	2,910,600
1816½		—	—	—	—	—
1817	—	873,600	1,455,300	—	5,645,520	—
1818	—	413,820	1,455,300	—	4,804,040	—
1819	14,553,000	630,320	1,455,300	10	3,779,060	—
1820	—	1,013,190	1,455,300	—	3,336,950	—
1821	—	1,713,730	1,455,300	—	3,595,380	—
1822	—	1,384,160	1,455,300	—	3,524,240	—
1824	—	707,020	1,164,240	8	3,067,090	—
1824	—	977,250	1,164,240	—	2,880,030	—
1825	—	1,215,160	1,164,240	—	2,930,950	—
1826	—	1,307,730	1,164,240	—	3,074,440	—
1827	—	953,200	1,164,240	—	2,863,400	—
1828	—	1,146,460	1,164,240	—	2,845,620	—
1829	—	1,193,510	1,164,240	—	2,874,890	—
1830	—	919,980	1,164,240	—	2,630,630	—
1831	—	1,270,460	1,164,240	—	2,736,850	—

F.

"I think it right to premise, that I assume, as indisputable, that the course of exchange is the criterion of the balance of trade; that the exchanges, though subject to temporary fluctuations, will inevitably be against that country which, in its intercourse with another (or with others, having means of commercial communication,) sells goods to a less amount than it buys, whatever may be the nature or extent of its local currency; (and accordingly, in all times past, the exchange has been against the continent when our exports have exceeded

our imports, and is now against this country, notwithstanding there has been in France, and some other parts of the continent, 'a material adulteration in the metallic currency, particularly in the gold coin;' and a bill on any of the branches of the French government is hardly to be negotiated at any rate.)

"That the exchange between the two places is *at par* when a quantity of gold or silver of the one place is convertible, at the market price, into such an amount of the currency of that place as will purchase an order or bill of exchange on the other place, that

will *there* command, at the market price, the like quantity of gold or silver of the same quality.*

"That, to admit of the exchange being at par between two such places, the trade must also be at par; that is, if one sells as much goods as will require 1,000 ounces of gold or silver in payment, the other must also sell as much goods as will require 1,000 ounces of gold or silver in payment; and when the trade is not at par, the one that has sold the least must make up the difference in the precious metals, or remain in debt to the other.†

"But if different periods of payment be fixed or occasioned for the goods which these two places take of each other; if one, for instance, from whatever cause, has to pay for the goods received within two months from the date of delivery, while, on the contrary, it gives twelve months' credit, or if, the place of delivery of the goods of the latter being more distant, the delivery takes more time, the effect for a certain period will be, that the one will have immediate demands which (if it cannot or will not receive goods) must be satisfied, or paid with gold or silver, notwithstanding the goods supplied by the other may greatly exceed in value those received, and for which it has thus in the first instance to pay; and accordingly, the balance of payments, and a consequent low rate of exchange, may be, to a considerable amount, and for 'a considerable length of time,' against a country, that, upon the whole, has the balance of trade in its favour."—*Examination of the Bullion Report*, pp. 64—7.

G.

The four following tables, compiled by Mr. Heppel from the accounts laid before the committee, present a general account

* "LOCKE.—'Foreign exchange is the paying of money in one country to receive it in another.'

"The exchange is high when a man pays for bills of exchange above the par. It is low when he pays less than the par."

† "The par is a certain number of pieces of the coin of one country, containing in them an equal quantity of silver to that in another number of pieces of the coin of another country, viz. supposing 36 skillings of Holland to have just as much silver in them as 20 English shillings, bills of exchange drawn from England to Holland, at the rate of 36 shillings Dutch for each pound sterling, is according to the par. He that pays the money here, and receives it there, neither gets nor loses by the exchange, but receives just the same quantity of silver in the one place that he parts with in the other. But if he pays one pound sterling to receive but 30 skillings in Holland, he pays one-sixth more than the par, and so pays one-sixth more silver for the exchange, let the sum be what it will."

of the past and present state of the Bank of England.

TABLE I.—LIABILITIES.

An account of the average Liabilities of the Bank of England, under the several heads of Circulation and Deposites, in each year, from 1778 to 1832, so far as the same can be ascertained from the accounts delivered to the committee.

	Circulation.	Deposites.	Total Liabilities.	
Year.	Average of notes & bank post bills.	Average amount of deposits.	Average am't of total liabilities.	
	£	£	£	
1778	7,099,200	4,688,865	11,788,065	
1779	8,144,575	4,779,600	12,924,175	
1780	7,376,195	5,689,845	13,066,040	
1781	6,700,940	5,859,230	12,560,170	
1782	7,394,095	6,444,875	13,838,970	
1783	6,991,180	5,285,325	12,276,505	
1784	5,897,635	5,085,525	10,983,160	
1785	6,246,870	6,460,595	12,707,465	
1786	7,883,145	6,009,450	13,892,595	
1787	9,007,780	5,766,810	14,774,590	
1788	9,782,000	5,352,945	15,134,945	
1789	10,464,505	5,969,910	16,434,415	
1790	10,736,940	6,211,235	16,948,175	
1791	11,555,760	6,401,140	17,956,900	
1792	11,407,035	5,524,925	16,931,960	
1793	11,569,110	5,894,630	17,483,740	
1794	10,833,457	6,913,760	17,747,217	
1795	11,492,928	7,064,000	18,546,928	
1796	10,220,797	6,179,340	16,400,137	
1797	10,989,703	6,328,440	17,318,143	
1798	12,570,785	7,224,810	19,795,595	
1799	13,471,217	7,887,030	21,358,247	
1800	15,150,092	7,698,870	22,848,959	
1801	15,809,598	9,433,835	25,249,433	
1802	16,678,632	8,298,675	24,977,307	
1803	16,485,523	8,933,740	25,419,263	
1804	17,406,742	9,196,180	26,602,922	
1805	16,883,002	13,065,850	29,948,852	
1806	16,789,947	9,808,560	26,598,507	
		Public. Private.		
1807	16,705,682	12,647,551	1,582,720	30,936,153
1808	17,107,100	11,761,448	1,940,630	30,809,178
1809	18,914,472	11,093,648	1,492,190	31,500,310
1810	22,541,500	11,950,047	1,424,720	35,920,267
1811	23,282,677	10,191,854	1,567,920	35,042,451
1812	23,256,507	10,390,130	1,573,950	35,220,587
1813	24,023,548	10,393,404	1,771,310	36,188,262
1814	26,907,612	12,158,227	2,374,710	41,440,749
1815	26,889,432	11,737,436	1,690,490	40,317,358
1816	26,574,815	10,807,660	1,333,190	38,715,595
1817	28,274,878	8,699,133	1,672,800	38,646,811
1818	27,201,955	7,066,887	1,642,210	35,909,052
1819	25,145,292	4,538,373	1,750,860	31,474,525
1820	23,909,592	3,713,442	1,325,060	28,948,094
1821	21,577,655	3,920,157	1,326,020	26,823,832
1822	17,862,872	4,107,853	1,373,370	23,344,095
1823	18,629,525	5,526,635	2,321,920	26,478,080
1824	20,135,342	7,322,187	2,369,910	29,727,439
1825	20,111,860	5,371,314	2,607,900	28,067,074
1826	22,304,638	4,214,271	3,322,070	29,840,979
1827	21,512,455	4,223,867	3,331,370	29,667,692
1828	21,039,840	3,821,697	5,701,280	30,562,817
1829	19,639,947	3,862,656	5,217,210	28,719,813
1830	20,491,102	4,761,952	5,562,250	30,815,304
1831	18,312,877	3,948,102	5,201,370	27,462,349
1832	18,038,633			

TABLE II.—ASSETS.

An account of the average assets of the Bank of England, under the several heads of public and private securities, and coin and bullion, from 1778 to 1832, so far as the same can be ascertained from the accounts delivered to the committee.

Year.	Average amt. of public securities.	Average amt. of private securities.	Average amt. of coin and bullion.	Total average amount of assets.
	£	£	£	£
1778	7,213,352	3,209,853	2,569,555	12,992,800
1779	8,177,916	2,214,929	3,847,225	14,240,100
1780	7,943,046	2,680,199	3,880,215	14,503,500
1781	7,624,735	3,523,560	3,071,965	14,219,500
1782	9,666,844	3,972,116	2,057,205	15,696,135
1783	9,791,193	3,527,597	955,635	14,274,425
1784	8,112,334	3,959,266	1,097,835	13,169,635
1785	6,952,227	4,066,303	4,113,930	15,172,460
1786	7,412,350	2,953,660	6,145,070	16,511,080
1787	7,854,445	3,731,910	5,939,845	17,566,200
1788	8,336,962	3,380,452	6,321,300	18,038,714
1789	8,055,791	2,373,505	7,937,255	19,266,521
1790	9,197,322	1,970,498	8,509,665	19,677,485
1791	10,650,829	2,060,461	7,962,460	20,673,750
1792	10,326,920	3,160,315	5,912,720	19,399,955
1793	9,965,523	5,441,942	4,666,345	20,073,810
1794	9,406,902	4,078,603	6,878,610	20,364,115
1795	13,207,538	3,693,092	5,632,635	22,532,665
1796	11,913,580	5,193,075	2,331,290	19,413,945
1797	10,239,827	7,309,632	2,587,895	20,137,354
1798	11,085,685	5,988,885	6,187,520	23,262,090
1799	10,481,816	6,502,910	7,282,340	24,267,073
1800	13,781,196	6,000,108	5,647,330	27,428,684
1801	13,942,442	10,374,708	4,487,690	28,804,840
1802	13,263,847	10,672,744	4,022,365	26,558,956
1803	11,377,033	14,039,837	3,684,825	29,101,495
1804	14,839,040	11,573,785	4,625,665	31,038,490
1805	14,151,384	14,065,736	6,734,150	34,971,270
1806	14,490,685	13,541,400	6,101,105	34,133,190
1807	13,431,463	15,241,242	6,313,595	34,986,300
1808	14,532,948	13,761,137	6,535,705	35,249,780
1809	15,025,549	16,251,186	4,070,590	35,347,325
1810	15,760,655	22,415,520	3,346,630	41,522,805
1811	19,543,024	17,559,791	3,297,120	40,399,935
1812	21,646,222	16,454,983	3,041,230	41,142,435
1813	25,314,481	13,704,534	2,798,385	41,817,400
1814	29,306,401	15,861,534	2,151,055	47,318,990
1815	28,853,445	18,892,895	2,732,975	47,429,315
1816	22,761,605	17,578,820	6,101,530	46,442,955
1817	26,318,523	7,123,607	10,674,615	44,116,745
1818	27,025,166	4,552,859	8,209,310	39,897,355
1819	23,837,131	7,710,643	3,829,990	35,487,764
1820	20,444,583	4,572,222	5,561,065	31,577,870
1821	15,881,971	3,753,933	11,531,745	31,187,649
1822	13,073,246	3,558,549	10,577,555	27,209,350
1823	12,750,753	5,142,797	11,521,235	29,414,785
1824	14,495,157	5,393,108	12,798,745	32,687,010
1825	18,431,077	6,597,603	6,266,710	31,295,390
1826	19,143,569	9,837,536	4,606,870	33,607,975
1827	19,247,305	4,117,120	10,311,395	33,675,820
1828	20,550,777	3,492,624	10,423,085	34,176,486
1829	19,994,592	5,118,737	6,815,275	31,928,534
1830	20,475,253	3,909,687	10,160,740	34,545,780
1831	18,932,062	5,564,943	7,328,405	31,865,410
1832	19,662,724	5,492,021	6,223,576	31,378,320

(Continued on page 337.)

DOCUMENTARY HISTORY OF THE SUSPENSION OF DR. DYOTT'S BANK.

(From the newspapers of the day.)

The highest rate of interest, 6 per cent. per annum, paid quarterly, or compound interest carried to the credit of the deposit every three months, at the Manual Labour Bank, and six per cent. Saving Fund, North-east corner of Second and Race Streets. Instituted February 2, 1836. Capital \$500,000. Secured in trust by judgment confessed on real estate, and publicly recorded, according to the following

CERTIFICATE.

On the 11th day of May, 1836, a bond and judgment, commencing from 2d day of February last, was filed in the District Court, for \$500,000, as security for all the responsibilities of banking and saving fund deposits incurred by Dr. Thomas W. Dyott, of the city of Philadelphia.

Copy from the endorsement on the Bond.

"Entered in the office of the District Court for the city and county of Philadelphia, and warrant of attorney filed May 11, 1836. Prothonotary,

"(Signed) M. CHASE.

"JACOB RIDGEWAY, Esq. Trustee and Bond Holder."

The "Manual Labour Bank and Savings Fund" has been established by the proprietor, in order to afford a safe depository for the savings of labour, and the surplus of income, under an ample security of his estate, at the full rate of legal interest—a security which he believes no other institution possesses, and a rate of interest which he is certain is not paid by any other. His motive for this is to give to the meritorious working man the full legal interest which he ought always to obtain for his savings; and the individual responsibility of the proprietor affords a guarantee that he will accept no more on deposit than his interest calls for, on the single principle of his liability, and which so effectually guards and protects the common safety of all the depositors, by restricting the amount to be recovered to the security pledged of five hundred thousand dollars.

Deposits received every day until 9 o'clock, P. M. Pamphlets containing terms and exposition of this establishment to be had at the banking house.

T. W. DYOTT, Banker.

STEPHEN SIMPSON, Cashier.

MANUAL LABOUR BANK.

Philadelphia, Nov. 6, 1837.

A reward of \$500 will be paid by the subscriber to any one who will detect and bring to conviction the malicious author of the infamous rumour that the Manual Labour Bank had stopped payments—the said rumour having led to a run upon him, which has proved highly injurious to his interest, and caused an unnecessary excitement in the public mind.

T. W. DYOTT,

Proprietor of the Manual Labour Bank.

TO THE PUBLIC.—A combination of interest inimical to individual enterprise, having caused a run upon the proprietor of the Manual Labour Bank, and shaken public confidence to some degree in its solvency, he deems it an act of justice to the community as well as to himself to disabuse them of that false impression; accompanied with the assurance of his ability to meet any demand against that institution without any unnecessary delay, and with as much promptness as the excitement now pervading the public mind will permit—

on this point the proprietor is explicit, and declares his ability to liquidate those obligations without being compelled to call for one dollar upon his real estate. Should any doubt be entertained of this fact, by any of his fellow citizens, they are at liberty to call upon Jacob Ridgway, Esq. the trustee of the bank, who will satisfy them of the truth of the same. Preparatory to resuming the regular course of his banking business, there will, to-morrow or next day, be submitted to the public a list of merchants, traders, and store-keepers, who will receive his notes at par for the various commodities in which they deal,—an arrangement that will prevent all inconvenience to those who may desire to realize their value in goods. After this explanation it is hardly necessary to say to the holders of his bills that they will be finally redeemed at their full value, under the belief that confidence and forbearance on their part will co-operate to enable him to resume the regular course of his business. The same assurance will equally apply to the depositors in his Saving Fund.

Previous persecutions of a similar character, from which the proprietor has emerged with success on his part, and satisfaction to the public, will be estimated as some guarantee of his rectitude of purpose and fixed determination to repel at any sacrifice those malicious and unjust assaults upon his credit and business.

Holders of his notes who may wish to fund them for any period of time at legal interest, can deposit them in the *Saving Fund*, and thus avoid all loss even on the interest of their money, for any brief or long period.

In the present state of the public mind, the proprietor is unable to designate with certainty any fixed period for the resumption of his regular business—but cherishes the hope that the forbearance and returning confidence of his fellow citizens will enable him to speedily announce a day when his business will return fully into its usual channel, from which it has been partially diverted by malicious calumny and an unreasonable panic.

Excitement is the parent of confusion. A famine may be produced in a land of plenty by wanton waste. A thousand men rushing to a butcher's stall, would furnish few with a dinner, and the same may be said of a baker's batch, few would get a loaf if a thousand rushed to seize them. In this predicament has been the proprietor and the public for the last week, and he only solicits the calm current of regular business, without rush or excitement, to enable him to discharge all his obligations and accommodate the public as usual. In the mean time he will announce to the public, through the press, any variation that may occur in the state of his concerns.

T. W. DYOTT.

MANUAL LABOUR BANK.

Philadelphia, November 16, 1837.

Arrangements for Resuming Regular Business.

The proprietor of this institution intending to resume his regular banking business of redeeming and issuing his bills, as usual, on a progressive scale, announces to the public the following arrangement of business:

1. On the 4th of December next, (Monday) he will redeem and issue, as usual, his bills of the denomination of 12½, 10, 6½, and 5 cents, redeeming them in sums of not more nor less than \$5 or \$10, according to the face of the notes, which specifies in which of those respective sums they are payable.

2. On the 18th of December, (Monday) he will redeem and issue as usual, his bills of the above denominations, in the sums above specified, including all

bills of the denomination of 25 cents, so that on that day his bills of 12½, 10, 6½, 5, and 25 cents, will be redeemed and issued as usual, in the sums specified on their face, redeeming not more nor less in amount than \$5 or \$10, as the notes may call for.

3. On the 2d day of January next, (Tuesday) he will redeem and issue as usual, bills of the foregoing denominations, with the addition of the 50 cent notes, so that the redemption and issue on that day will embrace notes of from 5 cents to 50 cents, redeeming in the sums specified on the face of the bills, not more nor less than \$5 or \$10, as the notes may designate.

Extended arrangements beyond these amounts will be announced in the public journals in a short time.

The proprietor, determined not to be wanting in efforts to do justice to the public, invokes their co-operation, forbearance, and indulgence, while he thus practically demonstrates his intentions of a return to regular business. His friends and the public will be accommodated as usual, at the times above specified, with the bills that are then made redeemable.

T. W. DYOTT, Banker.

STEPHEN SIMPSON, Cashier.

MANUAL LABOUR BANK.

November 17, 1837.

In order to afford every accommodation to the public, as far as the nature of the small bill currency will admit, the subscriber will anticipate the day already advertised for regular business, and will redeem his bills of the denomination of 10 and 5 cents on Saturday next, the 25th instant, in sums not more nor less than five dollars, as specified on their face. No other denomination will be redeemed until the periods fixed by his advertisement of the 16th instant.

T. W. DYOTT, Banker.

STEPHEN SIMPSON, Cashier.

MANUAL LABOUR BANK.

November 30, 1837.

Anticipation of Regular Business.

The proprietor of the Manual Labour Bank is enabled to anticipate the time of redemption previously announced for his bills. On Saturday next, the 2d December, he will add the 12½ and 6½ cent bills to the 10 and 5 cent notes, and on the 9th of December the redemption will embrace the 25 cent notes, (instead of the 18th, as before announced,) and on the 23d December he will add the 50 cent bills to the regular business of redemption, (instead of the 2d January,) the sums presented of the respective denominations redeemable always to amount to not more nor less than \$5 or \$10, as set forth on the face of the bills.

T. W. DYOTT, Banker.

STEPHEN SIMPSON, Cashier.

MANUAL LABOUR BANK.

December 5, 1837.

Final Arrangement of Business.

The following scale of progressive redemption of the bills of the Manual Labour Bank, exceeding the denomination of 50 cents, as now submitted by the proprietor to the option of the bill holders; the interest on the sums deposited to date from the 4th of November, 1837.

1. In the month of January he will receive his bills of the denomination of \$1 on deposits, at legal interest, to be refunded to depositors at the following periods, and in the proportions here laid down—one fourth of the sum deposited in January of this denomination, to be drawn on the 10th of February, in 50 and 25 cent

bills of this bank, which will be redeemed, if demanded, in five days from the time of payment; one fourth on the 15th of February in like manner; one fourth on the 20th in like manner; one fourth on the 28th in like manner, and on the same conditions. The day of deposit to make no difference to bill holders as to preference of time in the refunding of their respective amounts.

2. In the month of February he will in like manner receive on deposits his bills of the denomination of \$2, to be refunded at the same periods, and in the same proportions, in his bills of \$1, 50 and 25 cents, on the 10th, 17th, 24th, and 31st of the following month, (March).

3. In the month of March, he will in like manner receive on deposits his bills of \$3, to be refunded at the same periods and in the same proportions, in his bills of \$2, \$1, 50 and 25 cents, on the 10th, 18, 25th, and 30th, of the following month (April).

4. In the month of April, he will in like manner receive on deposits his bills of the denomination of \$5, to be refunded at the same periods and in the same proportions, in his bills of \$3, \$2, \$1, 50 and 25 cents, on the 10th, 18th, 25th, and 31st of the following month (May).

5. In the month of May he will in like manner receive on deposits his bills of the denomination of \$10, to be refunded at the same periods and in the same proportions, in his bills of \$5, \$3, \$2, \$1, 50 and 25 cents, on the 9th, 18th, 25th, and 30th of the following month (June).

N. B.—In order to prevent mistakes, the bills issued to depositors, and redeemable in five days from the period of payment, will contain on their face the date of issue. The interest only to be allowed on bills issued prior to the 4th of November, 1837.

It will be observed that all deposits, with this exception, will bear interest from the 4th of November, 1837, up to the period of refunding them, on the respective proportions.

As each denomination of his notes is redeemable prior to their repayment to depositors, it will be observed that the bills of the Manual Labour Bank become then equivalent to money, and in five days from the time of issue, are all redeemable and equal to current bank bills.

Depositors who do not draw their money on the respective days of its becoming due, will be considered as four months' depositors in the Savings Fund.

T. W. Drott, Banker.

STEPHEN SIMPSON, Cashier.

MANUAL LABOUR BANK.

Specie Payments—Extra Arrangement.

Dec. 19, 1837.

The manual Labour Bank will commence the payment of specie on Saturday next, the 23d instant, on its bills of the denomination of 50 cents, 25 cents, 12½ cents, 10 cents, 6½ cents, and 5 cents, in all sums presented under one dollar, and will also pay on checks all sums under one dollar.

T. W. Drott, Banker.

STEPHEN SIMPSON, Cashier.

MANUAL LABOUR BANK.

Philadelphia, Aug. 13, 1838.

The bills of this bank of the old issue, payable one day after date, will be paid as they now are paid, at the banking house on demand in specie.

Bills of the denomination of \$1, \$2, and \$3, payable one year after date, will be received on deposits for re-

demption, as heretofore, at four months, with interest from the time of deposits.

Post notes of the denomination of \$5 and \$10, will be received on deposits for redemption, at six months, without interest.

Post notes of the denomination of \$20 and upwards, will be received on deposits for redemption, by special contract.

This bank has returned to regular business on its bills, according to the face of the notes.

T. W. Drott, Banker.

STEPHEN SIMPSON, Cashier.

Dr. Drott's Notes.—Some mystery seems always to follow these "shin plasters," as if it were their shadows. We are informed, through an undoubted source, that a few days since, we believe on Thursday last, at least forty holders of these notes presented them at the counter of the doctor's bank for redemption, and could get nothing for them. If this be the case, the public ought to know it, and to take legal measures accordingly.—Ledger, Aug. 20.

[So late as 24th September, payment was refused on a note of \$3, so that up to that day there was not a complete resumption.]—Ed.

THE MICHIGAN BANKS.

From the Buffalo Commercial Advertiser, Oct. 1.

A Felch, Esq., bank commissioner of Michigan for the second judicial circuit, has made a report to the Governor of that state, of the affairs and condition of the several banks within his jurisdiction. From his report we gather the following facts:

The Merchants and Mechanics' Bank of the city of Munroe, the Millers' Bank of Washtenaw, the Huron River Bank, the Detroit and St. Joseph's Railroad Bank, and the Merchants' Bank of Jackson county, have filed bonds and mortgages on unincumbered real estate, for the final security of all the creditors of the institutions. The bank of Manchester and the bank of Superior have not as yet completed their securities, although papers have been executed and recorded to an amount amply sufficient to cover all present responsibilities. The bank of Manchester for some time past has been engaged solely in redeeming its circulation, which has become enormously and illegally extended. Under the management of its present officers, the institution is believed by the commissioner to be in every respect entitled to public confidence.

It is stated that the banks in the second judicial district—embraced in the list given below—meet promptly their paper when presented at their counters, in specie or some satisfactory equivalent. The bank of Washtenaw is an exception. There is, however, reason to believe that a loan has been effected by that institution, which will enable them, within a few days, to redeem their paper agreeably to the provisions of their charter.

The following is a list of the banks above referred to, as comprised within the second judicial district.

Safety Fund.

Merchants' and Mechanics' Bank of Munroe,
Millers' Bank of Washtenaw,
Bank of Manchester,
Huron River Bank,
Bank of Superior,
Detroit and St. Joseph's Railroad Bank,
Merchants' Bank of Jackson.

Chartered.

Bank of River Raisin,
Erie and Kalamazoo Railroad Bank,
Bank of Tecumseh,
Bank of Ypsilanti.

The Farmers' Bank of Sandstone, and the Jackson County Bank, have been placed in charge of a receiver, who is actually engaged in settling their concerns.

The commissioner has also recently applied to the chancellor, for injunctions against the following banks in said circuit, viz:

The Lenawee County Bank,
The Bank of Brest,
The Bank of Clinton,
The Bank of Saline, and
The Farmers' Bank of Sharon.

The *Lenawee County Bank* has been scandalously managed. Immediately after the organization of the concern, the sum of \$30,000, which had been paid in on the capital stock, was refunded, and the promissory note of one of the stockholders residing in the State of Ohio, with endorsements, taken for the amount!—bills of the bank being at the same time put into circulation! Some \$24,000 of the bills were placed in the hands of two individuals, "for exchange," on their simple receipts for the amounts. The specie on hand, when shut up, was only \$3420! Securities by bonds and mortgages on real estate were, however, given to an amount to ensure, it is confidently believed, the final discharge of all liabilities.

The *Bank of Brest* has a way of its own for doing up financing. The day before the prying eyes of the bank commissioner were about to spy the nakedness of its vaults, that is, on the 1st of August, the sum of \$7,947 was paid in by one Lewis Godard, in gold, and was passed to his credit on a small book containing an "exchange account" with said Godard, on which he stood charged, at three several times, with bills to the amount of \$27,313. The gold glittered beautifully in the safe of the bank for two whole days, when the board of directors authorized a loan to this same Godard of \$7,500, and on the same day his note at 90 days, with endorsements, was accordingly discounted, and the amount given in bills of said bank. Immediately after the discount was made, the bills thus paid out were presented by another individual at the counter of the bank, and redeemed in specie. It was admitted by the president, that at the time of making the discount, he did not understand that said bills were to be presented for the specie.

The circulation of the bank was sworn to by its officers at \$39,425, while the amount of bills out was \$84,241!

The bank commissioner, not exactly relishing this system, applied to the chancellor to put a stopper on the proceedings in the shape of an injunction. In the mean time, the directors made all haste to dodge this process, by an assignment of all the effects of the bank, but the chancellor vetoed this move, and the whole goes into the hands of a receiver.

It is rather a lucky circumstance, that notwithstanding all these malversations, there happened to be bonds and mortgages enough filed to secure the bill holders the full amount of their claims.

The *Bank of Clinton* had violated the law in the amount of its circulation, in the amount loaned or discounted to directors, and in neglect to pay its notes when presented at its counter. The circulation of the bank, as exhibited by the books, was also much less than that exhibited by the statement. A portion of the resources of the bank were found to be of so doubtful a character as to warrant the fear that they would be unavailable in discharge of its liabilities.

There was a pretty "cash item" exhibited in the specie returns of this bank, which beautifully illustrates that "a nimble sixpence is better than a slow shilling." The day after an examination by the commissioner, to wit, on the 31st day of July, the sum of \$7,500 in gold, a part of the specie of said bank exhibited to the commissioner, was withdrawn and delivered to Chas. H. McClure, late cashier of said bank, on his mere receipt.

The specie was taken by said McClure to Detroit on the day last mentioned and delivered to *Lewis Godard*, who gave his receipt for the same. It will be noticed above, that on the 1st of August, the same Lewis Godard paid into the bank of Clinton, just the same amount in gold, taking only \$3 out, for we suppose his road expenses. So that this identical coin figured in two important capacities.

The *Bank of Saline* was found missing by the commissioner, when he went to look into its affairs, all its property and effects having been assigned and taken off, bag and baggage, to Detroit. The Mr. Lewis Godard, who figured so conspicuously in these banking operations, appears to have been dipping into the "exchange account" of this bank to the tune of \$17,000, which was in his hands at the time of said assignment. On the day of the assignment, the directors got together, and saved pretty much all the specie of the concern, by dividing it among themselves—one taking enough to redeem all the bills he happened to have on hand, and another sweeping off as much as would straighten out his "deposit account"—thus, by this summary transaction, converting his dead wild oats into the real shiners. They only left \$60 in specie to go into the hands of the assignees.

In this instance too, the lucky public, it is averred, may count on "reaching the assets" of the bank, to the amount of its responsibilities—there happening to be bonds and mortgages which could not be spirited away.

The *Farmers' Bank of Sharon* seems to present a rare instance of honest misfortune for a banking institution. The officers appear to have conducted its affairs with an anxious endeavour to sustain the credit of the bank. The constant presentation of its bills for redemption had, however, nearly exhausted its specie and other immediate means of discharging its debts. Suits had been commenced against the bank on its bills; and such, under the difficulties of present embarrassment, was the condition of their affairs, that it was deemed both politic and necessary to wind up its concerns. The circulation is only \$17,158, in which, it is stated, no loss will be ultimately sustained by the holders.

The circulation of the banks enumerated in the above list, is reported on the 19th September at \$327,407, and their specie at \$73,352, which is not so very bad an exposed as it might have been, considering all things.

The commissioner concludes with expressing his belief, that these institutions are in a solvent condition, and indulges in the pleasing anticipation that they will soon be able to extend business facilities to the community, and to give a currency of undoubted character. We hope they will.

The two other commissioners will report concerning the banks under their supervision, by and by.

ALABAMA BANKS.

Extract of a letter, dated Mobile, Sept. 25.

The Convention of Banks at Mount Blount Springs is broken up. The Bank of Mobile, Planters' Bank, and State Bank at Montgomery, voted for resuming on 1st January. The State Banks at Mobile, Tuscaloosa, Huntsville and Decatur, voted against it. They will have to do it any how. Another convention of

State Banks will meet 1st October. The resumption of the New Orleans Banks will compel all the rest to follow.

Extract of a letter from Mobile, dated 28th Sept.

"Our banks in this city, including the branch of the State Bank, have resolved to redeem all their notes of a less denomination than five dollars, on and after the 1st October next; and that from and after the 1st November next, they will in like manner redeem their five dollar notes."—"This is a commencement towards resumption, and will we think be followed by the interior banks. Indeed, the people here are sanguine that the city banks will resume, on all their paper, on or before the 1st January next,—in the mean time, exchange on the north is unseizable. The State Bank and its branches, it is said, are to have a meeting on the 1st October, and if the Tuscaloosa Bank can be made to give up her absurd plan of advancing on cotton, and come into the measure of resumption, but little notice will be taken of the two banks in the northern part of the state. We think every thing looks fair for resumption, and on Monday next, we shall get clear of shipmasters."

MOBILE, Sept. 29.—Our city banks have given public notice of their intention to redeem their bills of smaller denominations than five dollars, on the first proximo, and their fives on the first of November.

We are grateful for small favours, and being firm believers in the French aphorism, *C'est le premier pas qui coute*, we feel as if daylight were breaking to dawn after a night of storm and gloom.

The ice being broken, the coast is clear, and total resumption is certain at an early period. We understand that at the late Convention at the Springs, the Mobile Stock Banks and the branch at Montgomery, voted in favour of the single resolution offered, which was to resume on the 1st of January; all the other branches voting in the negative. When the question was taken, the resolution of the New Orleans banks to resume was not known, and it is understood that the board of the branch at Mobile was nearly equally divided upon the resolution. It is now understood that the example of the New Orleans banks has produced a majority in favour of resumption. There is hope then that the resumption may yet take place simultaneously with New Orleans.

It is to be hoped that such is the case. It is the opinion of those in whose financial knowledge we have confidence, that the branch and state banks in this city can resume in January with safety to themselves, and unspeakable benefit to the community. The branch at Montgomery stands ready to join them in this most obvious duty. If the thing is practicable, why are they to be deterred from the step by the injurious and mischievous speculations into which the Tuscaloosa branch chooses to enter. Are the people for ever to be oppressed and cursed with a depreciated paper, to enable bank directors and their favourites to job in cotton and fatten on bank agencies? Is it any longer sufferable by the most patient, that a whole people shall pay a tax upon all they own, all they receive at home, or pay abroad, because a board of the people's agents chooses to trifle with their interests and violate their trusts?

The Tuscaloosa Bank now stands in the gap between the people and a sound currency.

Disregarding the warnings of experience—stolid to the sufferings of the people—and apparently ignorant of the best interests of the institution over which they preside, the board has openly and coolly avowed its intention to repeat those very errors in banking to which

we are mainly indebted for the wide-spread ruin and misery of the past two years.

We trust that those banks which are governed by a superior intelligence, and an enlightened and patriotic desire to live up to the object of their charters, will show themselves firm in this crisis, and resolve to do their duty to those by whom they were created, whatever may be the folly or fatuity of others. Duty requires this noble stand, and success will surely crown the patriotic attempt.—*Mobile Register*.

MISSISSIPPI BANKS.

We learn from the Natchez Courier that the U. S. Bank has purchased of the Commissioners of the state of Mississippi, the Union Bank Bonds of that state to the amount of five millions of dollars, which are to be paid for in the following manner, viz.

\$1,000,000 in New York or Philadelphia, in cash down.

\$500,000 in Louisville, 60 days after 1st November.

\$500,000 in New Orleans, same date.

\$1,500,000 in Natchez, in Mississippi currency, in December.

\$1,500,000 in New York or Philadelphia, 60 days after 1st of January.

In reference to this important transaction, the Courier says:—

"Most sincerely do we congratulate the state of Mississippi upon this timely and advantageous negotiation. Nothing in the range of probability could have been done so signally beneficial to the citizens of our state, particularly those of the interior, as this arrangement. It will enable the Union Bank forthwith to commence discounting, which she will no doubt do, as we understand is the intention, at the rate of about a million and a half a month, until she will have loaned to our citizens about seven and a half millions. This will afford great relief to those who are compelled to pay money to the marshal and sheriffs at the fall terms of the courts; and thus save immense amounts of property from sacrifice under the hammer—it will immediately revive our currency and resuscitate the depressed condition of all the monetary affairs of the state; whereas, if the negotiation had not been made with Mr. Biddle, it could not have been made on this side the Atlantic. And even if the Commissioners had been successful in Europe, the relief would have come too late for all those who need assistance this fall."

MALLEABILITY OF GOLD.

The malleability of gold and its extreme divisibility are so remarkable, that in the art of gold beating philosophers are in the habit of doubting the results as the examples of the divisibility of matter. A grain of gold reduced to leaves will, it is said, cover a surface of 60 square inches—that each of these square inches may be divided into 46,656 other parts—and therefore the entire amount of surface derived from one grain of gold is capable of being divided into 2,322,800 parts, each of which is visible to the naked eye. This wonderful extension authorises the employment of gold for ornamental purposes to an extent which, from its comparative scarcity, would otherwise be impossible. An equestrian statue, of natural size, may be gilded with a piece of gold not exceeding in value two dollars and fifty cents. The gilding of the *Hotel des Invalides*, at Paris, cost 18,811 dollars. In India, towers, bridges, gates, and colonial idols, are gilded at less expense.—*Nat. Gazette*.

Reported for the Journal of Commerce.

SUPERIOR COURT, Oct. 2.

Judge Jones, Presiding.

The Patriotic Bank of Washington vs. Daniel Jackson and Richard Suydam.

This was an action on a note. The evidence on the part of the plaintiffs was composed entirely of documentary evidence and testimony which had been reduced to writing. From the evidence so adduced, it appeared that in the year 1836, the plaintiffs agreed to lend H. L. Kenney \$25,000. The loan was to be advanced to Kenney in bills of the bank, and the defendants guaranteed that according as the notes so issued to Kenney went back to the bank and were paid, they, the defendants, would accept notes drawn on them by the bank for similar amounts, in order to replace the bank in the funds they had thus paid on account of Kenney.

The note on which the present action was brought had been drawn by the plaintiffs on the defendants, in accordance with the above mentioned agreement, and the defendants declined paying it.

There was no evidence adduced on the part of the defense, but counsel moved for a nonsuit, on these grounds: first, that the agreement between plaintiffs and defendants came within the statute of frauds; secondly, the execution of the agreement had not been proved; and thirdly, that even if such an agreement did exist, the note which was the subject of the present action, and which was drawn at thirty days' date, had not fallen due when the present action was instituted.

The court overruled these objections, and directed the jury to find a verdict for the plaintiffs.

Verdict \$5076 55, being the amount of the note, with interest.

In another suit between the same parties, on a note drawn under similar circumstances, a verdict was given for the plaintiffs for \$6642 40.

Counsel for the defendants gave notice that he would carry up the case to a higher court.

For the plaintiffs, Theodore Sedgwick, jun.

For defendants, J. H. Maher.

INTERVIEW WITH THE POPE.—The following account of an interview with his holiness the present Pope is extracted from a private letter, written by D. S., a medical gentleman, in September, 1835, to his friends in Scotland. It will amply repay a perusal. "To-day we had a private interview with his holiness—nay, you must not laugh, for I assure you of the fact; and although I did not kiss his toe, I got his blessing. We set out this morning for the palace with our friend the count, and went through four splendid rooms, containing the Swiss guards in their old grotesque uniforms, and the officers of the court, when we arrived in the ante-chamber, where we found Monsiegnor Fieschi, the lord high chamberlain, who received us with great kindness, and talked with us for about half an hour. The governor of Rome, who was also waiting, was called in with his papers, and when he returned we were next sent for. On entering the presence chamber we knelt on one knee, and then walked up to his holiness, and knelt down once more, and our friend kissed the Pope's toe. Upon his rising, his holiness entered, with the greatest kindness and cheerfulness into conversation. He is a fine looking old man, about sixty; and, amidst all the splendour of royalty, retains all the kindness and gentleness that characterised him when he was only a monk. He talked to Mr. J——n about banking, and was very witty in his remarks. The court had got a bank established for its own convenience, but had drawn too hard upon it, and the proprietors at length

declined to make farther advances. Mr. J——n said his bank had an unlimited capital, and his holiness replied that was the right sort of bank, but as for the Roman bank, he thought it would soon be bank—rupt.

DOMESTIC INTELLIGENCE.

THE UNITED STATES BANK IN NEW YORK commenced operations on Friday last, 29th Sept., under the most favourable prospects. Many of the first houses in this city opened accounts with the new institution, and the deposits on that day amounted to a million of dollars. From its resources, its connection with Mr. Biddle, and the well known character of Morris Robinson, Esq., its president, the institution must rank among the most popular and useful of our community. To the board of trade we are indebted chiefly for the introduction of this bank and its capital into the city of New York. In May last, as the readers of this paper may remember, Mr. J. P. Disceway presented to that body a series of resolutions, requesting the United States Bank in Philadelphia to commence a branch or agency here. These were unanimously adopted by the board, and a committee appointed, of which Mr. Disceway was chairman, to convey the resolution to Mr. Biddle. His answer was all that the merchants could desire, and we were present when the committee reported it, and shared the good feelings of that occasion. We now congratulate the merchants and the public generally upon the new bank among us. We doubt not that this institution will transact a greater business than the parent bank itself.—*N. Y. Com. Advertiser, October 1.*

RESUMPTION OF SPECIE PAYMENTS IN SAVANNAH.—The banks in this city yesterday (says the Savannah Georgian, of the 2d inst.) resumed specie payments. Every thing has passed off quietly. So far from runs being made on the banks, deposits of specie have been made—a fact illustrative of the abundance of the precious article, and the confidence of the people in the banks.

The rates of exchange upon England, by the Great Western, reached 10½ per cent. premium—a rate at which specie will go abroad—and accordingly there are some 2 or 300,000 dollars in sovereigns going out in the Great Western, besides smaller sums of from 50 to 80,000 dollars, by the French packets.

Specie is redundant in this country, and that, in part, accounts for the high rate of bills of exchange. When, however, the large quantities of cotton still held on American account in Europe shall be sold, and bills in larger amount shall, as it seems reasonable to expect they must, come to this market from Canada, the rate will again recede.

Meanwhile, we can very well afford to spare eight or ten millions in specie, without, in any degree, crippling or alarming our banks.—*N. Y. Amer. Oct. 4.*

GOLD COINAGE.—The amount of gold remaining uncoined at the Mint, on the 31st of August last, was \$103,032.

Deposited in September:	
Foreign coins,	\$516,698
Do bullion,	32,137
United States do.	27,186
Do coins, (old standard),	1,022
	<hr/> 577,043
	<hr/> \$680,075
Coined in September in half eagles,	532,930
Remaining uncoined Sept. 30th, 1838,	\$148,145

An intelligent planter, in a letter dated Magnolia, (Florida,) Sept. 24, represents the crop of cotton as injured by the drought, and the week previous by a season of much rain. He adds, that the banks hold notes of planters for part of this crop, and it was not decided whether they would require the money or cotton. It would not be settled for several weeks, as directors were absent. Shipments would consequently be delayed.

The Martinsville, (La.) Gazette says: "It is pleasing to hear from all quarters that the crops of cane, cotton, and corn, will be unusually good this year."

LITIGATION IN NEW ORLEANS.—The number of suits commenced in the District Court, since the 4th of March, 1837, to this date, amount to two thousand two hundred! Estimate the sheriff's and clerk's fees at \$50, and you have the sum of \$110,000; and supposing the lawyer's fees at \$100 per suit, and you have \$220,000. If this statement be a correct one, the expenses of litigation in this court alone, for the last year, amounts to \$330,000, more than two thirds of which is taken from the pockets of debtors, thus diminishing their capacity to meet the claims of their creditors.—*New Orleans Herald.*

COINS AND EXCHANGE.

From the Secretary of the Treasurer's Report of May 26th, 1838, in compliance with a resolution of the Senate of the 26th February, transmitting statements of the rates of exchange and prices of bank notes at different periods.

MEMORANDA.

The American dollar contains 371½ grains of pure silver, or 416 grains of standard silver.

The Spanish dollars are not all of the same weight. Those in circulation in 1829 were said by the director of the mint to be worth, on an average, 100 cents 3 mills.

The Mexican dollars are said to be equal to the Spanish.

The "Carolus" dollars are the Spanish dollars coined prior to the year 1809, in the reigns of Charles III. and IV. They are said to be not superior in weight and fineness to the Mexican.

The American eagle of the old coinage, previous to the 31st of July, 1834, contained 247½ grains of pure gold.

The American eagle of the new coinage contains 232 grains of pure gold.

The British sovereign, when coined, contains 113 grains and $\frac{1}{12}$ parts of a grain of pure gold, worth, according to our present mint valuation, \$4 37 $\frac{1}{12}$.

The Spanish doubloon should, according to the regulations which have nominally prevailed since the year 1772, contain 376 grains of pure gold, which would, at our mint valuation, be worth 16 dollars 20 cents. But, according to assays made at the London and Philadelphia mints, previous to the year 1829, Spanish doubloons contained only from 360 to 362½ grains of pure gold. This would make their average value, at our mint valuation, about \$15 56½.

The Patriot doubloons are said to be equal in weight and fineness to the Spanish.

The difference in the price of Spanish and Patriot doubloons, and of the different species of dollars, at New York and Philadelphia, is chiefly owing to difference of demand for them in foreign markets.

In the price currents, \$4 44½ are assumed as the par of exchange on England. This practice began when the Spanish pillar dollars were in circulation,

and when the market value of gold, compared with silver, was less than it is at present. The true par varied as the market value of gold varied, when compared with silver. It was estimated by Mr. Gallatin, writing in 1829, at 7 per cent. above the nominal par; by others, at 8 per cent.

Since the passage of the act of 1834, for reforming the American gold coinage, the true par of exchange with England, estimating gold against gold, is about 9 $\frac{1}{2}$ above the nominal par.

The quotations of exchange on France are so many francs and centimes payable in France for a dollar paid here. According to the regulations of the French mint, the silver franc should contain 69.453 troy grains of pure silver, equivalent to 18 $\frac{1}{100}$ cents in silver currency of the United States. The quantity of pure silver in an American dollar is equal to that in 5 francs 34 $\frac{1}{100}$ centimes. But as foreign coins are not a legal tender in France, and as a seigniorage of about 1½ per cent. is charged on silver coinage at the French mint, American dollars, when sold as bullion in France, are said to bring, on an average, not more than 5 francs 26 $\frac{1}{100}$ centimes. This is, by some writers, assumed as the par of exchange on France. Other writers as some 5 francs 34 centimes as about par.

The quotations of exchange on Holland, are so many cents a guilder; on Hamburg, so many cents a mark banco; and on Bremen, so many cents a rix dollar.

The exact value of the guilder of Holland is 39 $\frac{1}{100}$ cents of United States silver currency; but 40 cents are usually assumed as the par of exchange.

The mark banco of Hamburg is a money of account equal to 35 $\frac{1}{100}$ cents United States currency.

The rix dollar of Bremen is money of account, equal to 80 cents and a very small fraction United States currency.

FOREIGN INTELLIGENCE.

By the Steam Ship Royal William.

LIVERPOOL CORN EXCHANGE.—Tuesday, Sept. 18. The imports of British corn are still light, and we have not yet had any deliveries of English new wheat. A few small parcels of Irish new wheat and oats have appeared—the quality of the former inferior and very damp—the oats good. The arrivals of foreign wheat are again large; all of which, as well as the previous stocks in bond, consisting of about 160,000 quarters of wheat, and 62,000 barrels of flour, may now be considered as free. The wheat trade since this day week has assumed a decidedly better tone; we have had numerous buyers from the surrounding districts, as well as purchasers for shipment coastwise; the local millers have also taken some quantity of the released foreign wheat at rather higher rates than could be obtained last Tuesday. The demand has, however, been freely met.

Good parcels of Danzig and other mixed wheat have brought from 9s. 9d. to 10s. 6d.; Baltic red, 9s. to 9s. 9d.; a little of superior quality, 10s.; Odessa, hard and soft, 8s. 6d. to 9s. Irish old red is still worth 8s. 9d. to 9s. 3d.; and new from 8s. 6d. to 9s. 6d. per 70 lbs. Flour has also sold more freely, at 48 to 54s. per 280 lbs. Several sales have been made in barrel flour, at 33s. to 38s. per barrel for Baltic sweet, at 32s. to 36s. for United States sour. Good mealings oats have met rather more enquiry; the best Irish old are held at 3s. 1d. to 4s. 4d.; inferior at 2s. 11d. to 3s.

A cargo or two of new have sold at 3s. to 3s. 2d. per 47 lbs. The market is almost void of barley. The only new that has yet appeared is Irish bere, which

has latterly sold at 3s. 6d. to 3s. 9d. per 60 lbs. At this morning's market a large business was transacted in wheat, the better qualities of foreign red realising about 2d. per bushel above the rates of last Tuesday. Flour was 1s. per sack, and oatmeal fully as much per lead dearer. Scarcely any new oats at market; they would rather have exceeded the notations of this day week. Prices of old oats are unvaried.

BRITISH PORTS OPEN FOR FOREIGN GRAIN.—The Spectator of Sept 15th says:—"Scarcity of food is now experienced by the bulk of the English people. Yesterday, the average price having reached 73s. and a fraction, foreign corn was offered as duty free, the duty paid being only a shilling per quarter. It is stated that upward of a million of quarters of continental wheat, in addition to the previous stock, have arrived in London within these few days."

Yet it appears by the Mark Lane report of the Courier, that there had been a good demand for all descriptions, and one shilling per quarter advance had been obtained on the rates of Monday, the 10th.

The Manchester Guardian of the 19th of September, has the following:

RELEASE OF BONDED GRAIN AT LIVERPOOL.—On the first day of the duty at 1s. per quarter, coming into operation at Liverpool, this rate of duty was paid at that port on no less than 64,383 quarters of wheat, and on 32,903 barrels of flour.

The Swedish government has authorised the importation of wheat, &c. at half the established duties till the end of the year.

MARK LANE, Monday, September 18.—The letters received this morning state that the price of wheat had advanced in all the country markets, owing to the increasing opinion that the yield will be below what was expected.

At this morning's market we had a tolerable good supply of wheat from Essex; but very little from Kent, and none from Suffolk. The new wheat, of which the bulk of the arrivals consisted, was in dry condition, and generally of fine quality; and having a good many buyers from the country, nearly the whole offering was cleared off at an advance on last Monday's rates of from 1s. to 2s. per quarter.

Of foreign wheat we had a liberal show of samples, and some quantity was disposed of at the same improvement as took place in the value of English.

THE HARVEST.—The weather during the past week has been exceedingly favourable for the operations of harvest; cool breezes having generally prevailed during the day, and the nights having been clear, with a tendency to frost. But little progress has been made with the harvest in this district; but farther north, on the banks of the Tweed and in the Lothians, reaping has become general. The crops have not suffered greatly from the late heavy rains. Wheat, on favourable soils, stands well upon the ground, and promises to be a fair crop.—*New Castle Journal of Saturday.*

LONDON, October 19.—Evening.—There was a good deal of activity in the funds, and a disposition to effect sales. Consols declined to 93½ to ½ for money, and 93½ to 4 for account; Bank stock for the opening was 908½ to 9½; Indian stock, 264½ to 5½; Ersequer bills, 70s. to 72s. premium.

The depression in the foreign market continues. Railway shares were dull, with a partial reduction in prices.

PARIS BOURSE, September 17.—Last Prices.—Five per cent., 109f. 45c.; three per cent., 80f. 90c.; bank actions, 2640f.

LONDON, September 18.—**Bonded Wheat.**—The whole of the wheat in bond, amounting to one million of quarters, was liberated on Thursday last, on the payment of one shilling per quarter duty to the queen. It was fully expected that a very material decline in the price of that grain would follow, when this vast supply entered the market. Quite the contrary effect has been produced, for wheat has actually advanced in value in the face of this enormous supply! How is this?

It is rumoured in Mark Lane that the principal holders of foreign wheat have held a private meeting, at which they one and all agreed to withhold their grain from the market at present, with the view of forcing up the price. It is certain that the display of samples of the bonded was very much reduced on Monday, and the factors boldly demanded higher rates, which they eventually obtained of the millers to the tune of 2s. to 3s. per quarter.

The London correspondent of the New York Express, thus notices the price of American stocks at the latest dates.

There is not much business to be quoted in the American stocks. A new loan has just been taken by the house of S. J. Salomons and introduced here; it is the Pennsylvania and Harrisburg rail road, representing a capital of £22,000 sterling; and is offered at 87½. There is no want of stocks offering in the market, and for the last few days they have been principally quoted as sellers; still they are in the hands of men who do not part with them at reduced prices. The actual quotations in those dealt in are subjoined:—

Five per cent. pound sterling Alabama, 93 ¼; five per cent. Alabama, 83 84; five per cent. Indiana, 84; five per cent. Louisiana (Baring's) 95 ½; five per cent. Louisiana (Lizardi's) 96 ¼; six per cent. Mississippi, 95; six per cent. Ohio, 1856, 101; five per cent. New York, 92 95; five per cent. Pennsylvania, according to dates, 93 97; United States Bank shares, 26; five per cent. New York city, 91 92; five per cent. Virginia—; six per cent. Virginia, 95; six per cent. Florida, 91 93; six per cent. Camden and Amboy rail road, 103½; six per cent. Illinois, 94 95; six per cent. Maryland, 100; five per cent. South Carolina, in pounds sterling, 95.

LIVERPOOL COTTON MARKET, Sept. 19.—The sales on Thursday, 3000 bags; Friday, 3500; Saturday, 3000; Monday, 4000; Tuesday, 2000; and to-day, 3000. The demand since last week has been only moderate; cotton is offered in abundance, and prices are supported in a remarkable manner, holders not submitting to any decline. The week's import amount to 29,396 bags.

Prices.—See Islands, 1s. 4d. a 3s.; stained, 5d. a 1s. 2d.; bowed, Georgia, 5½ a 8d.; Mobile, 5d. a 8½d.; Tennessee, 5d. a 6½d.; New Orleans, 3d. a 9d.

The sales of cotton at Liverpool for the week ending Sept. 14, were 22,200 bales; the market spiritless, though the holders had not allowed prices to decline. The same condition of the market continued until the 20th.

MISSISSIPPI BANKS.

The following resolutions were passed on the 26th ult. by the board of directors of the Mississippi Union Bank.

"Resolved, That the resolutions of the banks of New Orleans, fixing the first Monday in January next for the resumption of specie payments, meets the cordial approbation of this board.

"Resolved, That the Mississippi Union Bank having negotiated its bonds for five millions in gold and silver,

is prepared to commence and continue its operations as a specie paying bank.

"Resolved, That this bank, experiencing the inconvenience of issuing its notes payable on demand whilst the banks of this and the surrounding states are not redeeming their notes in specie, invites the co-operation of the other banks of this state in fixing as early a day as practicable for the general resumption of specie payments.

"Resolved, That the post notes of this bank will be received at its counter for all dues to the bank in the same manner as if payable on demand:

"Resolved, That the post notes of this bank will be received in all exchange operations at the same rates as if payable on demand.

"Resolved, That the president of this bank open a correspondence with the banks of the states of Alabama, Tennessee, and Arkansas, as well as the banks of this state, for the purpose of meeting in convention on the first Monday of December next, at the city of Vicksburg, that harmony and concert of action may be secured in bringing about a general resumption of specie payments simultaneously with the banks of the city of New Orleans."

New York.—The value of real and personal estates, in New York, has, within the last three years, been fixed by the assessors nearly as follows:—1836 was a year tolerably prosperous, when the value was estimated at \$309,000,000. In 1837, the year of the revolution, the value fell to \$263,000,000. During this year, as we learn from the Sunday News, the value has increased more than half a million. The next year, it is anticipated, there will be a considerable increase.

The Petersburg branch of the Exchange Bank of Virginia went into operation on Wednesday last.

Five dollar notes of the Manufacturers and Mechanics' Bank of the Northern Liberties altered to ten's are in circulation. They may be detected by observing that a spinning wheel is in the rear of the female on the vignette in the genuine ten, whereas that article is omitted in the vignette of the genuine five.

SALES OF STOCK AT PHILADELPHIA.

October 15.

24 shares	Girard Bank,	52	50
10 "	Planters' B'k., Miss. 2 ds. flat,	98	100
50 "	Stonington R.R., 30 days B.	44	100
50 "	" 40 days b. o.	44	
100 "	" 30 days b. o.	44	
6 "	Girard Trust,	25	
50 "	Philadelphia Savings,	24½	25

SALES OF STOCK AT NEW YORK.

October 12.

367 shares	U. S. Bank,	121½	121
1155 "	Del. and Hudson Canal,	71½	72½
50 "	Ohio Life and Trust,		107
25 "	Kentucky Bank,		99½
120 "	Vicksburg Bank,	78	77½
190 "	Mohawk Railroad,	70½	71½
185 "	Morris Canal,	68	67½
105 "	Stonington Railroad,	44	44½
190 "	N. J. Railroad & T. Co.		103

100 shares	Patterson Railroad,	66
85 "	Harlem Railroad,	57
250 "	Boston & Providence R.R.,	103½
60 "	Utica Railroad,	119½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

October 13.

Bills on London, 60 days sight,	9½	—	per cent. prem.
" France,	5 18½	5 20	fr. p. doll.
" Holland,	40½	41	cta. p. guilder.
" Hamburg,	35½	36½	cta. p. m. d. n.
" Bremen,	79½	80	cta. p. rix. doll.
" Boston, at sight,			par a ½ premium.
" Philadelphia,			½ a ½ discount.
" Baltimore,			½ a ½ do.
" Richmond,			1½ a 2 do.
" N. Carolina,			3½ a 4½ do.
" Charleston,			1½ a 2½ do.
" Savannah,			1½ a 2 do.
" Augusta,			1½ a 2 do.
" Mobile,			6½ a 7 do.
" New Orleans,			2½ a 3 do.
" Louisville,			2 a 2½ do.
" Nashville,			5 a 5½ do.
" Natchez,			7½ a 8 do.
" St. Louis,			2½ a 3½ do.
" Cincinnati,			1½ a 2½ do.
" Michigan,			10 a 12 do.
" Detroit,			4 a 5 do.
American gold,			7 premium.
do. new coinage,			par a ½ do.
Spanish dollars,			2½ a 3½ do.
Caracas do.			6 a 7 do.
Mexican dollars,			1 a 1½ do.
Half dollars,			par a ½
Five-franc pieces,			94½ a 94½ cents each.
Doubleons,			\$16 50 a \$16 60 do.
do. patrial,			15 60 a 15 68 do.
Sovereigns,			\$4 85 each.

WEDNESDAY, OCTOBER 14, 1838.

To SUBSCRIBERS.—The resumption of specie payments by most of the banks in the United States, and the probability that by the first of January next, all the rest will have followed the example, renders it quite certain that sufficient support for this publication cannot be relied upon after that period, and the publisher therefore gives notice, that after the completion of the present volume on the last Wednesday of December next, the work will be discontinued. Non-resident subscribers who have not paid for the current volume are respectfully requested to remit as before. Those who reside in Philadelphia, New York, Boston, and Baltimore, will be called upon. Both volumes can be supplied to new subscribers on the payment of five dollars.

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDE, Carpenter street, Philadelphia, to whom all orders and remittances are heretofore to be sent.

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Nathan Hickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it.
 "Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locks on Money.*

Vol. II.

WEDNESDAY, OCTOBER 24, 1836.

No. 17.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT LAW.

APPENDIX.

G.

(Continued from page 248.)

TABLE III.—ADVANCES.

Account of the Balances of Advances by the Bank of England to Government, to the East India Company, and to private individuals, on the accounts and at the dates under mentioned.

Date.	To Government.			To the East India Company.	To Private Individuals.		
	On Exchequer and Treasury bills.	For Dead Weight Annuity.	To pay off disbursements of Navy 5 per cent.		On Mortgage.	On Stock.	On Goods.
1819.							
June 1st.	£24,319,900	nil	nil	nil	nil	nil	nil
1820.							
June 1st.	20,811,900	nil	nil	nil	nil	nil	nil
1821.							
June 1st.	14,461,900	nil	nil	nil	nil	nil	nil
1822.							
June 1st.	12,169,900	nil	£101,100	nil	nil	nil	nil
Dec. 1st.		nil	2,396,800	nil	nil	nil	nil
1823.							
June 1st.	12,127,800	£885,719	1,716,800	nil	nil	nil	nil
Dec. 1st.		1,916,399	1,036,800	£1,500,000	nil	£1,000	nil
1824.							
June 1st.	11,593,800	2,917,719	356,800	1,500,000	£271,885	3,400	nil
Dec. 1st.		3,699,588	nil	500,000	894,335	1,349,000	nil
1825.							
June 1st.	12,913,000	4,861,196	nil	500,000	1,375,996	1,056,000	nil
Dec. 1st.		5,809,991	nil	nil	1,432,396	18,000	nil
1826.							£366,940

TABLE IV.—BULLION AND RATE OF EXCHANGE.

An account of the highest and lowest amounts of Bullion (coined and uncoined,) held by the Bank of England, in each year, ending February the 28th, from 1814 to 1831; with the market price of Gold and Silver, the course of Exchange with Paris, Lisbon, and Hamburgh, and the premium on gold at Paris at the several dates, in so far as the same can be ascertained from the accounts delivered to the committee.

Date: each year ending Feb. 28th.	Coin.	Uncoined Bullion.	Total, coined and uncoined.		Price per oz. in bars.		Course of Exchange.			Premium on gold in Paris: pr. cent.
			Highest amount.	Lowest amount.	Gold.	Silver.	With Paris, 3 ds. sight.	With Lisbon.	With Hamburgh.	
	£	£	£	£	£. s. d.	s. d.	Fra. Cts.			Fra. Cts.
1814. Nov. 5	1,733,000	428,000	2,161,000							
1815. Feb. 25	1,719,000	290,000		2,009,000						
1815. Mar. 4	1,749,000	285,000		2,034,000						
1816. Feb. 17	1,548,000	3,018,000	4,566,000							
1816. Mar. 21	1,557,000	3,121,000		4,678,000						
1817. Feb. 12	2,027,000	7,963,000	9,990,000							

TABLE IV.—Continued.

Date; Each year end- ing Feb. 28th.	Coin.	Uncoined Mallion.	Total, coined and uncoined.		Price per oz. in bars.		Course of Exchange.			Premium on gold in Paris; pr. cent.
			Highest amount.	Lowest amount.	Gold.	Silver.	With Pa- ris, 3 ds. night.	With London.	With Hamb- burgh.	
	£	£	£	£	£. s. d.	s. d.	Fra. Cts.			Fra. Cts.
1817. Mar.	1,932,000	7,423,000		9,674,000						
1817. Oct.	11,543,000	6,477,000	11,914,000							
1818. Mar.	77,155,000	2,923,000	10,078,000							
1819. Feb.	273,318,666	1,038,000		4,354,000	4 1 6	5 7	23 85	58	34	
1819. Sept.	43,072,000	498,000		3,570,000	3 17 10½	5 2	25 20	53	36 4	
1820. Feb.	263,132,000	1,753,000	4,907,000		3 17 10½	5 1½	25 20	50½	36 4	
1820. Mar.	13,164,000	1,890,000		4,904,000	3 17 10½	5 1½	25 20	50½	36 4	
1821. Feb.	243,847,000	7,792,000	11,639,000		3 17 10½	4 11½	25 80	49½	38 2	-7 75
1821. May	55,695,000	7,634,000	13,329,000		3 17 10½	4 11	25 80	50	38 7	9 0
1822. Feb.	26,631,000	4,327,000		10,958,000	3 17 10½	4 11½	25 40	51	37 5	4 0
1822. Mar.	167,765,000	3,361,000	11,086,000		3 17 10½	4 11½	25 30	50½	37 2	4 0
1822. Nov.	27,994,000	1,861,000		9,855,000	3 17 6	4 11½	25 55	52½	37 8	7 50
1823. Mar.	18,637,000	1,715,000		10,372,000	3 17 6	4 11½	25 80	51½	38 4	4 75
1823. Dec.	208,206,000	5,936,000	14,142,000		3 17 6	4 11½	25 70	52	37 7	7 0
1824. Mar.	207,832,000	6,113,000	13,945,000		3 17 6	4 11½	25 60	50½	37 6	6 50
1825. Feb.	267,285,000	1,572,000		8,857,000	3 17 9	5 0½	25	51	36 11	1 75
1825. Mar.	57,245,000	1,868,000	8,613,000		3 17 9	5 0½	25 15	51½	36 11	2 0
1825. Dec.	426,000	601,000		1,027,000	3 17 6	5 0½	25 50	50	37 11	3 50
1826. Mar.	4,920,000	2,428,000		3,348,000	3 17 6	5 0½	25 65	51½	37 8	7 25
1827. Feb.	247,547,000	2,480,000	10,007,000		3 17 6	4 11½	25 55	50½	37 3	4 0
1827. June	169,114,000	1,563,000	10,677,000		3 17 6	4 11½	25 55	49½	37 2	4 50
1828. Jan.	962,806,000	1,391,000		10,196,000	3 17 6	5 0½	25 30	46½	13 11	1 75
1828. Aug.	238,734,000	1,746,000	10,480,000		3 17 6	4 11½	25 25	45½	13 14	5 75
1829. Feb.	216,097,000	730,000		6,897,000	3 17 10½	4 11½	25 40	45½	13 13	6 50
1829. April	185,311,000	793,000		6,104,000	3 17 9	4 11½	25 60	45½	13 14½	8 0
1830. Feb.	277,086,000	2,075,000	9,161,000		3 17 9	4 11	25 85	44	14 3	16 25
1830. June	263,891,000	2,904,000	11,795,000		3 17 9	4 11½	25 65	44	14 1½	9 75
1831. Feb.	196,088,000	2,123,000		8,211,000	3 17 10½	4 11½	25 20	46	13 11	9 25
1831. Mar.	56,179,000	2,031,000	8,210,000		3 17 10½	4 11½	25 20	46	13 12	12 50
1832. Feb.	44,267,000	821,000		5,088,000	3 17 10½	4 11½	25 40	47½	13 12	5 0

H.

Table, extracted from the Appendix to the Report, No. 5, containing an account of the amount of the Notes of the Bank of England in circulation, distinguishing those under £5; of the amount of all Deposits, and the amount of all Securities (including Bullion) on the 28th of February and 31st of August in each year, from the year 1792 to 1792.

28 February, 1792.		£	28 February, 1792.		£	£
Circulation,		8,028,880	Securities	{ Public, 10,346,065 }		13,794,070
Deposites,		6,130,200	Bullion,	{ Private, 3,448,015 }		2,157,860
		14,159,180	Rest,	£1,792,750		15,951,930
31 August, 1792.			31 August, 1792.			
Circulation,		6,769,310	Securities	{ Public, 8,987,573 }		13,463,790
Deposites,		6,759,450	Bullion,	{ Private, 4,496,217 }		1,956,550
		13,518,760	Rest,	£1,921,580		15,440,340
28 February, 1793.			28 February, 1793.			
Circulation,		7,675,090	Securities	{ Public, 10,016,349 }		12,795,700
Deposites,		4,465,000	Bullion,	{ Private, 2,779,431 }		1,921,190
		12,140,090	Rest,	£1,976,880		14,116,970
30 August, 1793.			30 August, 1793.			
Circulation,		6,307,270	Securities	{ Public, 9,566,037 }		13,941,800
Deposites,		6,105,650	Bullion,	{ Private, 4,275,763 }		590,080
		12,412,920	Rest,	£2,018,960		14,431,860

Amount of Notes in Circulation, &c.—Continued.

28 February, 1784.	£	28 February, 1784.	£	£
Circulation,	6,900,760	Securities } Public, 7,789,291 {		11,619,290
Deposites,	3,903,920	} Private, 3,629,929 {		656,840
	10,106,680	Bullion,		12,275,060
		Rest, £2,168,390		
31 August, 1784.		31 August, 1784.		
Circulation,	5,592,510	Securities } Public, 8,435,777 {		12,594,380
Deposites,	6,267,130	} Private, 4,068,603 {		1,539,830
	11,859,640	Bullion,		14,064,210
		Rest, £2,204,570		
28 February, 1785.		28 February, 1785.		
Circulation,	5,923,090	Securities } Public, 7,198,564 {		12,179,490
Deposites,	6,609,160	} Private, 4,973,916 {		2,740,820
	12,592,250	Bullion,		14,913,310
		Rest, £2,321,060		
31 August, 1785.		31 August, 1785.		
Circulation,	6,570,650	Securities } Public, 6,725,891 {		9,944,570
Deposites,	6,252,030	} Private, 3,218,679 {		5,487,040
	12,822,680	Bullion,		15,431,610
		Rest, £2,608,990		
28 February, 1786.		28 February, 1786.		
Circulation,	7,501,960	Securities } Public, 6,836,459 {		10,233,940
Deposites,	6,141,660	} Private, 3,516,781 {		5,179,090
	13,723,620	Bullion,		16,332,330
		Rest, £2,598,710		
31 August, 1786.		31 August, 1786.		
Circulation,	8,184,330	Securities } Public, 7,988,241 {		10,378,780
Deposites,	5,867,940	} Private, 2,390,539 {		6,211,050
	14,051,570	Bullion,		16,689,830
		Rest, £2,638,260		
28 February, 1787.		28 February, 1787.		
Circulation,	8,329,840	Securities } Public, 7,642,587 {		11,339,050
Deposites,	5,902,080	} Private, 3,716,463 {		5,626,690
	14,231,920	Bullion,		16,985,740
		Rest, £2,753,890		
31 August, 1787.		31 August, 1787.		
Circulation,	9,685,720	Securities } Public, 8,066,303 {		11,853,660
Deposites,	5,331,540	} Private, 3,787,357 {		6,293,000
	15,317,260	Bullion,		18,146,860
		Rest, £2,829,400		
29 February, 1788.		29 February, 1788.		
Circulation,	9,561,120	Securities } Public, 7,633,857 {		11,864,510
Deposites,	5,1770,50	} Private, 4,030,653 {		5,743,440
	14,738,170	Bullion,		17,607,950
		Rest, £2,989,780		
30 August, 1788.		30 August, 1788.		
Circulation,	10,009,880	Securities } Public, 8,840,068 {		11,570,300
Deposites,	5,528,640	} Private, 2,730,252 {		6,899,160
	15,531,520	Bullion,		18,469,490
		Rest, £2,937,900		

without any reservation. It is also declared, that at no time shall the bank be called upon for any part of its capital to assist the government. All deposits must be made for six months at least, and be repayable at or before that period, and not be less than 500 rubles: sums so deposited to pay $\frac{1}{2}$ per cent. The deposits, if in bars, ingots, or foreign specie, are estimated in Russian silver coin, and so registered in the attestation; and if not demanded back within 15 days of the expiration of six months, or the necessary premium paid for the prolongation, the owner loses the right of claiming his original deposit, and must take its estimated value in Russian silver coin. No bills are discounted that have less than eight days or more than six months to run. The rate of discount is 6 per cent. No interest is allowed on money deposited in the bank, unless notice be given that it will be allowed to lie for a year, and three months' notice be given of the intention to draw it out, when six per cent. interest is allowed. (*Kelly's Cambist*, vol. i. p. 303.) This bank has branches at Archangel, Moscow, Odessa, Riga, &c.

"The Bank of the United States was incorporated in 1816. Its capital is 35 millions of dollars, divided into 350,000 shares of 100 dollars each. Seven millions were subscribed by the United States, and the remaining 28 millions by individuals, companies, corporations, &c. The bank issues no note for less than five dollars; all its notes are payable in specie on demand. It discounts bills and makes advances on bullion at the rate of six per cent. The management is under twenty-five directors; five of whom, being holders, are annually appointed by the President of the United States. Seven directors, including the president, constitute a board.

"The principal office of the bank is in Philadelphia; but in January 1830, it had twenty-two subordinate offices, or branch banks, established in different parts of the Union. Subjoined is a statement of the affairs of the Bank of the United States, 1st April, 1830:

Notes discounted	\$32,138,270 89
Domestic bills discounted	10,506,862 54
Funded debt held by the bank	11,192,530 90
Real Estate	2,891,890 75
Funds in Europe, equal to specie	2,789,498 54
Specie	2,043,748 97
Public deposits	8,905,501 87
Private deposits	7,704,256 87
Circulation	16,083,894 00

(*American Almanac for 1831*, p. 153.)

"The establishment of the Bank of the United States has been of material service, by affording a currency of undoubted solidity; readily accepted in all parts of the Union. At the period when it was organised, nothing

could be in a less satisfactory condition than the paper currency of the United States; in fact, with the exception perhaps of England and Ireland, they have suffered more than any other country from the abuse of banking. In 1814, all the banks south and west of New England stopped payment; and it appears, from the official returns, that in all, no fewer than 165 banks stopped payment between the 1st of January, 1811, and the 1st of July, 1830! Most of these banks were joint-stock companies. At present there are no strictly private banking companies in the United States. They are all incorporated by law, with a fixed capital, to the extent of which, in most cases, but not uniformly, the stockholders are only liable. They all issue notes of five dollars; but the issue of notes of a lower value has been forbidden in Pennsylvania, Maryland and Virginia. The banks of the New England States and some others are now in the habit of regularly publishing statements of their affairs; but the insight they afford into the real situation of the banks is not nearly as great as is commonly supposed. They give the aggregate of bills discounted, and of the advances on securities, &c.; but they convey no information as to the validity or convertibility of these bills and securities, nor with respect to many other circumstances of great importance. Those best acquainted with the state of the country and the banks, seem to be of opinion that the latter are still very defective; an opinion from which we feel convinced that no one who investigates the subject will see any reason to dissent.

"The following is an account of the number and capital of the banking establishments existing in the United States on the 1st of January, 1830:—

States.	No. of bks.	Capital.
Massachusetts	66	\$38,426,966
Maine	16	2,630,000
New Hampshire	16	1,791,470
Vermont	10	438,625
Rhode Island	47	6,118,397
Connecticut	23	4,691,177
New York	37	20,863,353
New Jersey	18	2,017,909
Pennsylvania	23	14,600,943
Delaware	4	590,000
Maryland	13	6,290,405
District of Columbia	9	2,675,794
Virginia	4	2,571,160
North Carolina	3	2,185,000
South Carolina	5	4,631,000
Georgia	9	4,303,089
Louisiana	4	4,805,999
Alabama	3	643,503
Mississippi	1	830,000
Tennessee	1	737,617
Ohio	11	1,454,366
Michigan	1	10,000
Florida	1	75,000
Delaware	1	
Ditto	1	
	350	\$110,101,006

(*Colloch's Commercial Dictionary—Art. Banks (Foreign).*)

Mr. Tooke, in the course of his examination before the committee, referred to the following passages in Mr. Galatin's work on the subject of currency and banking, as confirmatory of his own views with respect to the question of publicity.

"A great guarantee against improper management, is the obligation to make and publish annual statements of the situation of the banks. The mystery with which it was formerly thought necessary to conceal the operations of those institutions, has been one of the most prolific causes of erroneous opinions on that subject, and of mismanagement on their part. It is highly desirable that this measure should be adopted in the states, where those returns are not yet made obligatory. The annual statements of the Bank of the United States, and of the banks of all the New England States, of Pennsylvania, Virginia, Georgia, and others, to congress, and to the states respectively, have in no instance injured any institution that was properly administered. Publicity is, in most cases, one of the best checks which can be devised: it inspires confidence, and strengthens credit; whilst concealment begets distrust, and often engenders unjust suspicions."

Mr. Tooke was asked, "[5418] Does it appear from that publication what restriction there is as to the banks issuing their own notes?—Yes, in the following passage: 'In the United States all the banks issue notes of five dollars. The states of Pennsylvania, Maryland, and Virginia, and perhaps some others, have forbidden the issue of notes of a lower denomination, to the great convenience of the community, and without experiencing any of the evils which had been predicted. We have seen in Pennsylvania the chasm occasioned by that suppression instantaneously filled by silver, without the least diminution in the amount of currency. We cannot but earnestly wish that the other states may adopt a similar measure, and put an end to the circulation of the one, two, and three, dollar notes, which is of no utility but to the banks. Those small notes are, as a currency, exclusively local, and a public nuisance; and, in case of the failure of any bank, the loss arising from them falls most heavily on the poorest classes of the community.'

"5419. Are any but chartered banks allowed to issue their own notes?—I believe none but chartered banks, with the exception of a single bank by Mr. Girard, a person of very high character and wealth, who has recently died.

"5420. Are they prevented by law from

issuing?—Yes, I understand they are prevented by law.

"5421. Do you find any statement upon that subject in this publication?—Yes, there is a statement in it to the following effect: 'It is difficult to distinguish a note on demand, drawn by a private individual, from a bank note, in countries where every individual is left at liberty to throw such notes into circulation as part of the currency. The discrimination has always been made on the continent of Europe, where it is not believed that any paper of that description has ever been permitted to be issued by any person or company not specially authorised to that effect. We are not aware that any similar general restriction exists in Great Britain, or that others are to be found there than the clause in favour of the Bank of England, which forbids banking associations to consist of more than a limited number of partners, and the late laws forbidding, except in Scotland, the issue of notes under five pounds. The same liberty seems to have originally existed in the United States, but has subsequently been restrained by their several laws to incorporated banks. A solitary exception is to be found in Mr. Stephen Girard's bank, which was previously established, and which, from his great wealth, skilful caution, and personal character, is justly entitled to as much credit as any chartered bank in the United States. Congress has not, however, passed any law preventing the issue of notes by the corporation of the city of Washington, and there is still a small amount of paper in circulation issued by the State of North Carolina. In every other respect, the currency of the United States, so far as it consists of notes, is strictly confined to bank notes issued by chartered companies.'"

(Continued at page 372.)

NEW YORK BANK FOR SAVINGS.

We have received the annual report of the Bank for Savings in this city, for the year 1837, from which we learn that \$791,242 25 were received during the year, from 11,357 depositors. The amount withdrawn during the same period was \$1,781,153 88. The number of new accounts opened with the bank was 2646; the accounts closed were 5136.

The bank has been in operation nearly nineteen years, during which time it has opened 57,777 accounts, and received altogether from depositors \$13,856,937 85. The present number of accounts is 23,936, on which there is due by the bank \$2,710,357 74, making an average of something less than \$114 to each account. The whole of the funds of the institution are securely invested in state or city stocks, and bonds and mortgages, with the exception of \$166,000 on deposits in the Union Bank. The expenses of the year were \$7,537 69.—*Com. Ads.*

From the New York Journal of Commerce.

VALUE OF THE POUND STERLING.—The following opinion and decision respecting the value in this country of the pound sterling has been kindly handed us for publication.

In the matter of the reference between Thomas Denny, Francis Griffin and Thomas C. Doremus, Trustees of the estate of Joseph Brown and Andrew Brown, non-resident debtors, and Thomas Taylor and Thomas Edward Taylor.

In this case the referees understand from both parties that they are not required to ascertain the amount due from the debtors to their creditors, but to fix the legal standard of value by which a payment due in pounds sterling, can be made in the city of New York, so as to discharge the debt. In other words, they are to decide upon the amount of coin which is to be tendered here, to cover the legal value of the pound.

The pound sterling is not a coin in England, but an arbitrary or imaginary sum, the value of which is ascertained by some other standard, and in the country of its adoption that standard is the sovereign, each being of the value of twenty shillings.

In estimating the value of the pound here, we reject all fluctuations of exchange, and decide that its standard is to be fixed by metallic value exclusively.

The value of the pound in the United States has not always been regulated by one and the same law.

By the act of congress passed in 1790, its value was fixed, so far as the collection of the revenue was concerned, at four dollars and forty-four cents; and our court, upon the authority of that act, adopted the latter sum in liquidating the debts due in sterling money. But by the act of June, 1834, entitled "an act regulating the value of certain gold coins within the United States," it is provided that the gold coins of Great Britain, of not less than 22 carats fine, shall pass current as money within the United States, and be receivable in all payments by weight at the rate of 94 cents and eight tenths of a cent per pennyweight.

It seems to us, therefore, that when we fix the value of the sovereign, we of course fix the value of the pound sterling; and this value of the sovereign must be ascertained by its weight as fixed by act of parliament.

That weight is ascertained to be, five dwts. 3 grs. and 5 mi., equal in value to four dollars eighty-five cents and eight mills, and this last sum therefore is the true legal value of the pound sterling in the United States.

ISAAC CAROW,
DAN. LORD, Jr.
J. PRESCOTT HALL.

June 9, 1838.

Foot and Davies of counsel for trustees, Geo. C. Goddard and Geo. F. Allen for Taylors.

REPORT OF THE BANK COMMISSIONERS OF THE STATE OF MISSISSIPPI ON THE CONDITION OF THE BRANDON BANK.

At a meeting of the board of directors of the Mississippi and Alabama Railroad Company, at Brandon, the following preamble and resolutions were unanimously adopted on the 2d July:—

Whereas, there is no authority in the charter of this bank, or under any law in this state, authorising an examination of this institution by the bank commissioners; and whereas, it is desirable that this institution should, in common with every banking institution in the state, be examined by the said commissioners,

in order that the public may know the condition of the state currency. Therefore,

Resolved, That the president of this institution be, and he is hereby, required to invite the commissioners appointed by authority of this state, to examine this institution at such time as may suit their convenience.

Attest. Z. P. WARDELL, Cashier.

At a meeting of the directors of the Mississippi and Alabama Railroad Company, held at their banking-house in Brandon, August 4th, 1838, the following resolution was adopted:—

Resolved, That the bank commissioners be requested to publish forthwith a copy of their report in relation to the condition of this institution.

A true copy from the minutes.

Z. P. WARDELL, Cashier.

The undersigned bank commissioners of the State of Mississippi, in accordance with the foregoing invitations, proceed to the investigation of the affairs of the Mississippi and Alabama Railroad and Banking Company, and agreeably to the request of the bank would respectfully report:—

That the law creating the office of bank commissioners authorizes and requires them, "once in each year, to visit every bank, branch bank, and moneyed corporation, which by its charter is subject to examination by a committee of the legislature, or such commissioners as they may appoint," &c. It is further made the duty of said commissioners, "by the 10th day of January in each year, to report to the acting governor for the time being the manner they have discharged the duties imposed on them, and to accompany the report by abstracts from the reports made to them, and such other statements as they may deem useful." The letter of the charter of the Mississippi and Alabama Railroad and Banking Company makes no provision for the examination of the bank by the present commissioners, and the undersigned have concluded that the time and manner of making public the result of their examination are not governed by the law creating the office.

The following table will show a list of balances due to and from the bank.

Statement of the amount due to and by the bank, July 27, 1838.

RESOURCES.		
Bills receivable,		\$5,763,371 64
Domestic exchange,		105,069 20
Suspended debt,	\$654,659 09	
Do. in suit,	28,588 81	
Stock mortgages,		383,247 90
Due from banks,		913,700 00
Cotton account,		576,934 88
Advances on cotton receipts,		361,205 78
Cotton agencies,		163,905 69
Railroad expenditures,		84,443 62
Real estate,		234,030 83
Jackson and Brandon Railroad and Banking Company,		33,114 25
Freight,		1,693 25
Individual depositors,*		117,423 77
Notes of other banks,		90,990 90
Specie,		275 00
Total amount of resources,		38,015 00
		\$8,967,441 84

* The reason of individual depositors being on the "wrong side of the Ledger" is, many individuals who

LIABILITIES.	
Capital stock,	\$2,085,960 00
Due to banks,	268,617 08
Due to agents,	1,419 08
Sterling exchange,	1,138,776 90
Notes on demand,	3,942,425 00
Post notes twelve months,	244,228 00
Deposit certificates,	520,682 99
Checks on time,	108,752 15
Total amount of liabilities,	\$8,410,253 20
Reserves,	\$8,867,441 84
Liabilities,	8,410,253 20
Balance in favour of the bank, includ- ing payment of capital stock,	\$457,188 64
Not including capital stock,	2,542,448 64

It is well known that among the serious charges alleged against this institution, was one that the officers of the bank did not keep a true record of the notes issued. This had become serious from the fact that officers of other banking institutions gave credit to and repeated the charge. To ascertain the truth, a letter was addressed to the engravers for the bank, Messrs. Draper, Tappan, Longacre & Co. of Philadelphia, requesting a statement of the notes engraved. They declined giving the information without the consent of the bank, and at the same time advised the bank of the application and their action upon it. The president immediately authorized and requested them to give the commissioners the information they demanded. The engravers' letter has not yet been received; but an examination of the blanks on hand and the register of issues, and the account of the engravers against the bank, prove conclusively that there was no just ground for the charge.

The bank has invested \$361,205.78 in cotton, at a little short of \$50 per bale, at an average weight of 423 pounds per bale. The total amount of cotton purchased and shipped by the bank on account of planters and others, is 55,760 bales. The president says he has no doubt but 6,000 bales have been shipped from Mobile, of which they have not been advised. In addition to the above, they have on hand about 4,900 bales which they were unable to ship in consequence of the low stage of water in the Big Black and Pearl rivers. It will be fair to set down the amount shipped at 60,000 bales, leaving a balance on hand of 5,760.

As yet no accounts of sale have been received, but the bank has been advised of the sale of 6,400 bales, which, at average rates, as appears by reference to the brokers' statement, was 7½d. per pound. Of the entire amount of cotton shipped, the bales averaged 423 pounds, which, at the above prices, would produce nearly \$50 per bale. Sixty thousand bales at that price will make a gross sum of \$3,000,000 of available means by shipments of cotton.

The bank has drawn and sold sterling bills on this cotton to the amount of	\$1,138,776 90
Premium on the same,	106,518 59
	\$1,245,295 49

delivered cotton would not give notes when the amount received was less than the value of the cotton—the amounts thus appearing as overdrafts; also, checks of sheriffs on transfers of executions. The amount due individual depositors is \$27,000.

These sums have been disposed of in the following manner:—

Sold to various banks,	\$75,255 25
Used in taking up northern issues,	113,854 04
Used in do. by Bank U. S. to 21st April,	157,630 00
Checks protested before suspension,	10,826 87
Freight,	117,423 77
Engravers' and stationer's bill,	3,737 30
Railroad expenditures,	16,000 00
Sold for provisions for planters,	33,381 79
Sold for U. S. Bank notes,	75,000 00
Sold for Miss. paper,	215,028 48
" Counter issues,	119,024 83
" to planters in part advance on cotton delivered,	54,934 08
	992,165 41

Balances to be drawn for \$263,130 08

If the cotton unsold in the hands of Messrs. Humphreys & Biddle of Liverpool, should turn out as well as that of which advices have been received—and the prospect is favourable—the bank will be able to draw bills to the amount of 1,861,223 10

Add premium—say ten per cent.	186,122 31
Add domestic exchange at seven per centum,	161,034 68

Total, \$2,461,510 17

Which will be available to the bank in northern funds as soon as the sales shall have been closed in Liverpool.

Besides the above, the bank holds executions which can be rendered available at ten days' notice in the following counties:

Rankin,	\$109,220 96
Hinds,	248,404 39
Madison,	429,000 00
Yazoo,	306,069 38
Copiah,	23,183 29
Simpson,	16,175 30
	1,232,753 32
Total,	\$3,694,263 49

With this sum the bank could, in 90 days, reduce its circulation payable on demand from \$3,942,425 to \$248,161 51

Add deposit certificates,	520,682 99
Individual deposits,	37,000 00
Excess of immediate liabilities over immediate means,	805,844 50
Besides this, the bank has issued post notes, payable at twelve months,	\$244,320 00
Checks at twelve months,	108,752 15
	353,072 15
	\$1,158,916 65

As no credit has been given bills receivable by cotton proceeds or executions, those amounts should be deducted, less the amount of cotton purchased by the bank.

The bank established agencies at several points on the Mississippi, Yazoo, and Pearl rivers, who were supplied with funds to advance upon cotton delivered. These agencies exercised all the powers of a bank of discount, thus giving a locomotive character or the principle of ubiquity to the Brandon Bank.

By the minutes of the board of directors and letters of the president, we observe repeated orders to Messrs. Miniard & York to pay the New Orleans obligations of various Mississippi planters who had delivered cotton to the bank, charging five per cent. exchange; also, orders to their agents in Mississippi, who had purchased provisions with the exchange and on account of the bank, to furnish those who had delivered cotton to the bank with provisions for Brandon money at the same prices for which they could buy with Louisiana money, at the same time prohibiting them from giving any one customer more than would supply his wants, so that none could buy to sell again. This course was highly creditable to the bank, when we consider she had already entered into commercial business, and tended to appreciate her paper. But the principle is absurd and utterly opposed to legitimate banking; yet it has generally been adopted throughout the state. Should the banks be permitted to continue their present practice, they would monopolize all kinds of merchandise, and our citizens would eventually be driven to the banks for money, bread, meat, drink, and clothing.

The circulation of the bank is composed of the following items:—

Bank notes on demand,	\$3,942,425
Post notes payable in Philadelphia and at counter,	244,390
Certificates of deposit,	530,682
Individual deposits,	37,000
Checks on time,	108,752

Total, \$4,853,179

It will be seen from the above that the circulation far exceeds the limits prescribed by the charter, by prudence, or by the legitimate wants of the community. There is no justification in the plea that this issue was made to relieve the public, and prevent the sale of property under executions. Paper not convertible into specie will depreciate in proportion to the amount in circulation. The loss, therefore, falls on the whole community, instead of the banks and their debtors. It would be more just to impose a direct tax on the public to pay the debts of those who purchased land and negroes and other property for which they are unable to pay, than to throw out a representative of money which depreciates in their hands from thirty to forty per cent. The direct tax would not only be more just, but much less injurious to the public; because, while the speculators would be entirely released from their debts, the enormous amount of bank profits would be so much saved to the productive industry of the country. It is very doubtful, however, whether the condition of the speculators themselves is improved by transferring their debts from individuals to banks. As soon as the banks are compelled to take up their circulation, it will force property into market; and should this measure be adopted at a time when the circulation is less redundant, the sacrifice must be greater. The banks, therefore, are the only party that profit by an undue expansion of the currency.

The stock of the Brandon, like almost every other bank in Mississippi, has not been paid, either in money or the representative of money, but in the notes of individuals and mortgages on property. This is what is called "secured to be paid," as required by the charter. A very inconsiderable amount has been paid in *habeas* capital.

The amount of stock secured by mortgages appears as a very considerable portion of the whole capital, being nearly one half. The bank is authorized by her charter, as amended last winter, to receive mortgaged property in payment for stock, and the privilege has been exercised to the amount of almost \$1,000,000.

This principle is one of the greatest absurdities of the present system. It taxes the poorer portion of our citizens to add to the wealth of those who are already in the possession of property; and it is a gross perversion of terms to call an instrument of writing capital, when that term signifies a surplus, which the property, holder or labourer had produced. Of such surplus capital stock of banks should alone consist. A planter's capital is employed in the production of wealth by agriculture. If, then, the same property is permitted to represent bank stock, the inequality created in favour of the holder, and against other citizens, is not simply in proportion to the amount pledged, but to the extent of the issues made upon it, and the accommodations which the stockholder receives.

The objection to this species of stock extends still further. Every bank charter that grants mortgages to the capital, authorizes the mortgagee to receive from the bank about one half the appraised value of his real estate in the form of a loan; with this he could purchase more property, pledge that, and so on without restraint. As some of these property banks have written up the amount of capital privileged to be taken, a very large proportion of the real estate and bank stock of the country will inevitably be held by the same individuals, under sanction of legislative enactments.

The charters permit an issue of several times the amount of capital stock. The utility of bank notes of course depends upon their exchangeable value, and that value upon their convertibility into specie, which they profess to represent. The convertibility of a note depends upon the cash fund which a bank possesses. This fund should be the capital stock; but if the stock of a bank consist of mortgages, its notes cannot be convertible into specie until the bank by such means as those in our state have employed, shall have accumulated sufficient profits to redeem their notes. These profits could at any time be divided among the stockholders, leaving nothing to the people but notes depreciated in proportion to the time required to collect by law. Moreover, as the mortgages specify some certain note or notes, the property could be released at any moment by discounting A, B, and C's notes, whether good, bad, or indifferent, and thus take away all security. This system of banking will unquestionably prove profitable to stockholders, but it will be a direct tax upon others to the extent of the bank note depreciation, and defeats one of the principal objects for which banking institutions were created, viz. to furnish a currency—a circulating medium convertible into specie.

In calculating the profits from this year's transactions of the bank, we must add to the amount already posted up, the interest on executions, on cotton notes, say four months, on suspended debt, and the premium to be realised from the exchanges yet to be disposed of. These various sources will increase the profits of the year to at least \$750,000, in round numbers, or upwards of 51 per cent on the nominal capital "paid or secured to be paid."

This calculation is based on the supposition that the bank hereafter will act in good faith to its note holders, and draw on its northern funds at 7 per cent. But as its paper is now the principal circulating medium of the state, should it still falsify its promises to pay, pursue its own interests, disregarding its duty to the community, and go into market to purchase the

own notes or Mississippi bank paper, at the lowest price, its profits will be increased immeasurably. Should it use the balance of its northern funds as it has already used \$215,087.48 cents, in the purchase of Mississippi bank notes, it will still increase its profits two hundred and fifty-three thousand and fifty-four dollars and fifty cents. But if, instead of other Mississippi paper, it should go into the market and buy its own notes—a principle not more unjust to the people of Mississippi, nor odious, than that of buying up its neighbour's paper—then its profits, at the present discount, (say thirty-five per cent.) will be increased \$805,173.25. Thus, on the operations of one year the stockholders of the bank, on their own paper, with an inconsiderable amount of real capital, would extract from the labour of the state the enormous amount of one million five hundred and fifty-five thousand one hundred and seventy-three dollars and twenty-five cents of clear profit! We do not think the bank will pursue a course so oppressive to the honest holders of its paper; and we hope for the interests of the state and the honour of human nature that it will not; but that acting in good faith to the public, who took its notes at their nominal value, it will promptly use its northern funds and other resources, to redeem its issues.

These profits have been realized on a nominal capital of less than one million four hundred and sixty-four thousand six hundred and sixty dollars; six hundred and twenty thousand six hundred dollars of the present capital having been written up on the faith of mortgages, during our examination. The mode by which such enormous profits are realized without either capital or labour, is very simple. A charter is first obtained from the legislature. A small portion of stock is to be paid in before the bank goes into operation. A few honest planters desirous of promoting the improvements of the country, which the bank promises, take stock in good faith and pay it up in *bona fide* capital. Those, however, who are experienced in these matters pay up as little as possible. But as the latter are financiers, they are elected to manage the bank. They soon discount paper for themselves and other stockholders of financial abilities. With this they buy more property, to secure more stock, to get more discounts, to buy more property, to secure more stock, to get more discounts, to buy more property, to secure more stock, &c., and finally they are able to write up a very respectable capital upon which they are permitted to issue double the amount. If, however, the *wishes of the people* are very pressing, they disregard the limits of the charter, and issue *ad libitum*. The stockholders of the bank are now in a fair way of making money, or at least of acquiring the property of the people within the sphere of their operations. Nothing can arrest their career of gain but a return to specie payments, and this they will endeavour to postpone as long as possible. So long as a few men can draw a profit of more than fifty per cent. from the labour of the country, for merely writing their names on a slip of paper promising to pay their own bank any given amount, it is natural that they should endeavour to protect their harvest. They could not be expected to know any limits but those of human gullibility and credulity.

The surplus capital vested in the Brandon Bank could not produce a legitimate interest of more than fifty thousand dollars; yet by the modern principles of banking, its few stockholders have been enabled in one year to secure seven hundred and fifty thousand dollars from the labour of the country, or about one-twenty-sixth part of the whole productive industry of the state. It is true that a portion of these profits have been made from the notes of the stockholders. The

history of civilization affords no evidence of any device so simple and so efficient in reducing a country to vassalage, as these principles of banking.

In the dark ages, all who obtained grants of land and serfs to cultivate it, had signalled themselves in the service of their country. The followers of Richard Cœur de Lion, the knights and the barons, who received peculiar privileges from their sovereigns, had immortalised themselves by feats of arms. They flew at the command of their country to the Holy Land, and, contending for the supremacy of the Cross, they boldly met the Saracens, and risked their lives on the bloody plains of Palestine. The ministers of religion, who received one-twentieth of every man's labour, were eminent for hospitality, piety, and learning of the times. But it remained for the present day and generation to grant much more important privileges to men undistinguished for any such virtues. Cunning, management, and a talent for *financiering*—a term which the public will soon understand—are the only qualities now necessary for securing privileges, that must soon reduce the great mass of the people to the most abject vassalage.

There are in this state, at present, upwards of forty incorporated banks and branches, all endowed with privileges similar to those of the Brandon Bank. There are numerous real estate banks springing up daily, all expanding and contracting the value of property at will, pursuing their own interests, and grasping the property of the people, as their peculiar sense of justice and chartered right may dictate. We have given the profits of the Brandon Bank during one year, and the political economist may calculate how long the industry of the state can sustain the exactions of forty such institutions, and the gleanings by a host of real estate and individual banks. Nothing but the strong arm of the law, and the severest penal enactments, can restrain them, and save the people of this state from widespread and universal ruin.

Of the amount due to other banks, the principal part is due to banks in this state; and of the amount due from other banks, the greater portion is due from the United States Bank of Pennsylvania. The proceeds of sterling exchange were deposited in the latter bank, to be drawn upon.

The bank was drawing upon these funds until the 12th of May, when attachments covering \$29,000 for protested notes, was levied on the funds of the bank in the possession of the United States Bank of Pennsylvania, and the latter immediately commenced protesting the checks of the Brandon Bank. The funds in the Girard Bank were covered by the same attachments. The reason assigned by Mr. Biddle for dishonouring the checks of the bank, though in possession of a large amount of funds, was to prevent the public from knowing that the bank had funds in his possession, lest other holders of protested notes should attach them. The motive assigned by Mr. Biddle may have satisfied him of the propriety of his course, but it does not appear in the same light to the undersigned. The honour of the Brandon Bank, and the interests of the people of Mississippi, required that Mr. Biddle should pay her checks so long at least as he had funds unattached in his possession, although he and the officers of the Brandon Bank may have thought his course the proper one for the interests of both parties. Mr. Biddle no doubt may have thought that a few hundred thousand dollars, in these trying times, would be more useful in his hands than in the possession of the creditors of the Brandon Bank. He would be justified by the law, it is true, in holding double the amount of the attachment, until the case should have been decided; but we know of no legal or moral principle that sanctions his

conduct in dishonouring the checks, so long as he had in his possession more funds than the bond required. But as he was preparing to resume about that time, perhaps he yielded to the law of necessity. Mississippi will always be subject to such grievances so long as exchanges and trade are regulated and controlled by agents in Philadelphia or New York. Their interests antagonise with ours, and when necessity or self-preservation operates, their principles yield, and we suffer.

The practice pursued by the banks in advancing sixty dollars a bale on cotton, or forty on the present and twenty on the coming crop, is the principal cause of the great depreciation of our bank paper. Every dollar beyond the real price of the cotton was surplus, and may be fairly adopted as the standard to measure the loss sustained by the country in the depreciation of the circulating medium. The banks made their discounts, and the speculators who borrowed from them were enabled to change their creditors, and protect the payment of their debts by the operation; but as soon as the paper passed into the hands of the community it depreciated. Being inconvertible, the sixty dollars would not pay for more pork or other necessary articles of consumption, than the real value of the cotton would have purchased; the surplus circulation, therefore, was a total loss to the community.

It is objected that the return to a sound circulating medium will reduce the price of land and negroes, and so far injure the prosperity of the state. No reasoning can be more unsound. The premises are correct, but the conclusion is erroneous. It would unquestionably reduce the price of land and negroes in Mississippi, and if we produced these articles for sale, the prosperity of the state might for a time be injured by a return to a sound currency. But we are producers of cotton, and purchasers of land and negroes; the price of the former is not affected, while the price of the latter is reduced the nearer we approach a specie basis, the only real standard of value. It is obvious, therefore, that, as the circulating medium approaches the real standard of value, so will the prosperity of the state be promoted.

No state in the union is more deeply injured by an expanded currency than Mississippi. The price of almost every article of necessary consumption is nearly doubled, and in some instances trebled, while the price of her cotton, being regulated in a foreign market, is not materially affected by it. If the expenses of a planter be doubled by a depreciated currency, his profits will be diminished, and the means of increasing his capital reduced in the same proportion. Should this unsound system of banking be persisted in by our state legislature, it will effectually prevent the influx of foreign capital. Our immense forests will remain uncultivated; as it is obvious that capital will not be invested while the expenses of planting are so enormously increased. Could our legislature treble the price of cotton while it only doubled the expense of production, by creating banks, then we might felicitate ourselves that the time had arrived when people could be legislated out of debt, and made wealthy by banking. But the system, instead of producing those desirable effects, operates as a tax direct on the planter for the exclusive benefit of the banks.

The following table will exhibit the liabilities of officers, the number of shares of stock held by each, the property mortgaged to secure their debts, the exchange obtained, and the amount of cotton delivered by each to the bank. There are ten directors, including the president, and to avoid giving the names, we number them from one to ten, as they are written on the sheet before us, without reference to their age as directors or to the amount of their liabilities.

Director.	Payer.	Endorser.	Exchange obtained.	Shares stock.	Acres land.	Slaves.	Bales cotton.
No. 1	\$24,000 00	\$16,041 20	1,500	800			
2	45,011 15	492,940 90	4,000	600	1,650	23	105
3	35,407 00	36,740 14	1,000	700			
4	11,801 93	14,776 14	1,000	200			
5	91,747 50	17,221 11	270	400	1,200	8	
6	153,891 00	37,2413 88	1,047	1000	3,000	102	247
7	03,011 00	423,221 41	2,078	835	7,000	114	107
8	42,413 77	476,255 00	300	100	8,000	27	41
9	21,700 00	432,944 43	651	500	1,051	63	227
10	30,073 04	448,042 35	2,510	500	9,110	20	147
TOTAL	\$16,000 00	\$2,631,612 71	24,147	7005	32,729		1192

The liabilities as endorser appear large in consequence of six or eight directors being mutual endorsers.

The value of the cotton delivered by the directory is to be deducted from their liabilities. If the debts of the directory as payers were paid, their liabilities as endorsers would be extinguished, except \$219,417 40. They are liable for this amount on paper discounted for others.

It appears that the exchange obtained by the directory amounted to \$28,148, and of this sum, eleven thousand six hundred and forty-seven dollars were obtained in the name of another individual to pay a debt of one of the directors, who had delivered 323 bales of cotton. The undersigned feel bound to remark, in relation to this transaction, that an officer of the bank, at the instance of the director who had received the exchange, reported the mode by which it was obtained, before an enquiry was made on the subject; and on this, as well as every other point of investigation, the utmost candour and frankness were manifested by the officers of the bank.

To secure the payment of all their present liabilities to the bank, the directory have given mortgages on the above property, viz. 32,729 57-100 acres of land and 410 slaves. They have also deposited, as collateral security, notes (mostly secured by mortgages on land and negroes) for \$306,605.33.

In addition to the land and negroes specified in the above table, we understand that the directory are preparing to take stock in the bank to the full amount of all their property, under the provisions of the amendment to their charter.

We discovered various letters of the president to Messrs Mintum and York, instructing them to purchase the notes of the river banks. Sometimes the orders prohibited the purchase of their own notes. The president declared the object in purchasing the notes of other banks, to be able to discharge balances that might accrue against him, instead of giving them northern funds which they were demanding of the bank. It appears that \$215,087.48 of the proceeds of sterling bills have been used in purchasing Mississippi paper, and that the bank made by the operation \$36,708.52. Every citizen will at once perceive the danger of permitting this kind of traffic. The banks, by making large issues, and then suddenly, by purchase, reducing the circulation, would make great profits, while the borrower from the bank would be shaved in disposing of the money in consequence of its redundancy, and then shaved in making payment to the bank, on a scarcity produced by the bank itself. Not only this, but the price of every man's property would vary, like a pendulum, from one extreme to the other, by each contraction and expansion, and the banks and bankers would alone reap a profit.

The bank purchased with New Orleans funds, of the agent of Mr. Biddle, \$75,000 of the notes of the defunct

Bank of the United States. By this transaction, \$7,560 was realized by the Brandon Bank. Mr. Biddle's agent in consideration of receiving New Orleans funds for notes that no one was compelled to redeem, exchanged an equal amount of Mississippi river bank notes. If the community countenance such traffic by a foreign institution in notes that no one is responsible for, why may not Mr. Biddle, in the coming season, send on ten millions of the same description of notes, and get control of our cotton market, give to the planters excellent prices, make one of the cotton; and our merchants, into whose hands the notes must fall, will run the risk of losing the whole amount, as no bank could be forced to redeem a dollar of the dead bank's paper. Such failure would reach over the whole community, planter as well as merchant, while Mr. Biddle would have all the benefit of the cotton sales to sustain him in future oppression of the staple states.

It is common to hear persons speak of the liberality of Mr. Biddle's bank, and that the southern banks must rely upon him to enable them to resume specie payments. So far from his having given support, the banks in this state have suffered by their connection with him, with one exception; for he has repeatedly dishonoured checks with funds in his possession, and it is believed that he has bought up at a discount the notes of those banks that have confided in him, and placed them against the proceeds of sterling bills on which they had expected to check. We are strengthened in this opinion from the fact that the name of one of the persons who attached funds of the Brandon Bank in the possession of Mr. Biddle, is the same as that of one of his agents in Philadelphia.

Besides the premium upon sterling bills, and regular discount and interest, the bank has made \$62,223.89 in the following manner by the use of northern funds.

		Premium.
Sold to various banks,	\$75,255 25	\$5,267 68
Sold to planters, in part advanced on cotton delivered,	54,934 08	2,746 70
For counter issues,	119,024 83	8,331 73
Mississippi bank paper,	215,087 48	38,708 52
For U. S. Bank notes,	75,000 50	7,500 00
For provisions,	33,381 79	1,669 08
Total premium,		\$62,223 89

The foregoing facts fully establish the solvency of the bank. This it was important for the public to know to prevent sacrifices being made. We have indulged in some general remarks, which will apply as well to the operations of other banks in the state as to the Brandon Bank. We have censured freely where she was subject to censure, but and can in truth declare that some of the banks have acted in worse and others in better faith to the public.

The commissioners comply with the request of the bank in giving publicity to their report.

All of which is respectfully submitted,

L. A. BERARDOON,
E. F. CALHOUN,
JAMES HAGAN,

Bank Commissioners of the State of Mississippi.
COLUMBUS, Aug. 22, 1838.

The following shows the expenses on the railroad:

RAILROAD OFFICE, Aug. 2, 1838.

Sir,—In accordance with your request of yesterday, I make the following statement of the amount of money expended in the construction of the railroad between Jackson and Brandon, the bridge over Pearl river, and

the turnpike road and bridges through the swamps, viz.:

For slaves purchased,	\$159,000
Horses and oxen,	12,400
Wagons, carts, and tools,	5,000
Erection of a steam mill and fixtures for sawing lumber for constructing the bridge and road superstructure,	25,000
Wages of managers and physicians,	9,000
Wages of masons for work on the abutments,	1,660
Wages of labourers on turnpike road,	2,975
Subsistence,	23,500
	\$239,035

COL. W. SHELTON, President of
Miss. and Alabama Railroad Co.

The principal items of work done consist in grubbing and cleaning twelve miles of the road way, and in grading six and a half miles, ready to receive the superstructure; also in hewing ten thousand cubic feet of timber for railroad bridges, and preparing a portion of the superstructure of the road.

The materials prepared and labour done on the bridge over Pearl river, and the turnpike and bridges through the swamp amount to \$56,000.

Respectfully submitted.

W. PETRIE.

Memorandum.—Mr. Petrie received from Rankin county an appropriation towards the turnpike, which makes his expenditures appear larger than the bank advances.

AMERICAN COMMERCE.

The Journal du Commerce contains the following: "The ministry is not contented with compelling its journals to disseminate a feeling of uneasiness upon the commercial affairs of the United States, but has again had recourse to official reports to the chambers of commerce. A circular from the minister of commerce, under the date of the 5th instant, has reached us from Nantes, having been transmitted to the commercial chamber there. It deserves to be fully quoted:

Commercial crisis of the United States.

PARIS, March 5.

"Sir,—The government has received from the United States the following accounts, denoting numerous embarrassments in the commercial and financial situation of that country. Placed between the fear of prematurely disturbing the security of those who do business with the states of North America, and the duty of neglecting to save the commerce of France from the reaction of foreign events, I take upon me to communicate to you the substance of a despatch which I have received, requesting you to communicate it to those merchants in your arrondissement who may be interested. Without doubt, these accounts ought not to be received at present without a certain degree of reserve, until they shall have been confirmed by special correspondence. I shall be very glad to learn that, on the contrary, there is every reason to remove our fears. I wish simply to call the attention of French commerce to what is passing in America. The commercial and financial crisis increases in force and intensity every day.

"The greater part of the banks in the five eastern states (New England) are in a total state of bankruptcy, and the federal government will be a loser of the sums deposited by it in such of those banks as are called state or privileged banks; to-day the Boston bank notes

are generally refused through all New York; the course of exchange in the different states of the union becomes worse every day, owing to the enormity of the sums due by the east, the south, and the west, at New York; and Mr. Biddle, to whom the commissioners of the different banks at New York have been sent, has positively declined, considering the state of domestic exchange, to co-operate with the bank of Philadelphia in the premature renewal of cash payments, a measure which he says they will be forced to abandon in a fortnight after they adopt it. This answer, and the attitude of government which always threatens the country with its disastrous experiment of sub-treasury offices, have brought all the public funds to a new and ruinous fall; and it is not astonishing that the misery is general and has reached all classes, when it is seen from the following table, which is prepared from the most authentic information, the immense reduction which the New York banks have experienced in their business since the 1st of January, 1837:

	Jan. 1837.	Jan. 1838.	Diminution.
Loans,	79,318,088fr.	60,990,770fr.	18,312,310fr.
Circulation,	24,198,000	12,432,478	11,665,522
Specie,	6,657,090	4,139,732	2,417,258
Deposits,	30,156,294	15,771,629	14,382,566

There is not in the history of the finances of any people a similar example of a diminution so extraordinary, and in so short a space of time. All their obligations are also unredressed (*en souffrance*). The delay which had been granted at the commencement of 1837 to merchants, for the sums due by them, is about to expire, and the state of affairs deprives them of all means of honouring them. The custom house bonds alone due to the federal government amount to 2,700,000 dollars, to be paid within the next ninety-nine days. In short, every thing announces that in April next there will be a catastrophe almost as violent as that experienced by trade in April, May, and June last. I am, &c.

(Signed.)

"The Minister of Commerce,
"M. MARTIN (du Nord)."

The minister justly says (continues the Commerce) in commencing his circular, "Without doubt these accounts ought not to be spread at present."

The Journal du Havre of the 13th contains the following:—

"The circular of the minister of commerce, respecting the anticipated crisis in the mercantile affairs of the United States, has already produced some effect. We learn that countermands have been received from several towns in the interior, of the orders previously given for opening commercial relations with the United States. Here, however, this benevolent warning has produced so little sensation that our chamber of commerce has not even thought it worth while to give it publicity."

Translated from the Courier des Etats Unis.

M. Martin (du Nord) has published a circular in which he advises merchants of France to be prudent in their dealings with the United States. He predicts a crisis much more severe than that of the past year. He bases his opinion on the situation of the New York banks, which have diminished their circulation more than eighteen millions of dollars. The Journal des Debats of the 3d March, contains an article which differs from the opinion of M. Martin, and shows a correct knowledge of this country. We attribute it to M. Chevalier.

"For some days past, unfavourable reports have been circulated respecting the commercial situation of

America. It is asserted that a crisis was impending more disastrous than that of the past year, and that in consequence the manufacturing cities connected in business with the United States were again menaced with loss. We did not immediately notice these rumours, knowing they had no foundation in fact, and believing that the good sense of the community was sufficient to put them down. However, the publicity which has been given to them, and the credit which some persons of distinction have afforded them, requires that we should refute them.

"The commercial crisis which the United States have suffered for a year past, took place after the most extravagant speculations. The price of every thing had become fictitious; industry had become disorganised; the whole country having engaged in speculation, produced but little, and consumed without stint. The local banks, which the blind fury of General Jackson had freed from the check of the United States Bank, gave the greatest encouragement to the wildest schemes of cupidity. This madness could not continue long—reaction came, and the consequences are well known. At present, the Americans know their situation; they acknowledge their faults; they are returning to order; the whole superstructure of speculation has tumbled into ruins. The whole country has returned to honest industry, the only means of repairing her losses. At present, production is increasing, and luxurious consumption diminishing. Importation from Europe has almost ceased, and the export of commodities is continually increasing. Thus America is paying her debts to Europe, and instead of a crisis impending, every thing proves that she will soon see her prosperity returning, and that nothing will remain of the crisis of 1836-7 but the conviction of the danger to be apprehended by a people who from weakness suffer themselves to be guided by unprincipled demagogues, or the unrestrained passions of a military chief.

"Those alarming rumours have been caused by the recent failures of some American banks. Those failures, instead of being the sign of an approaching crisis, are the necessary consequence of a past crisis. Some failures were inevitable, and it is very probable we shall soon hear that others have fallen. In every country, a commercial crisis results to the failure of certain banks or bankers. After the commercial revulsion which followed their second war with England, one hundred and fifty American banks either failed or suspended their operations. In England, the *Joint Stock Banks*, which resemble in many particulars the local banks of the United States, have failed in great numbers at each period of commercial difficulties. It is very natural that those small banks should suffer the consequence of the evils they have inflicted on society by the unlimited aid they have afforded to the madness of speculation. But it may be said that it is of little importance to know whether the failures of the American banks could have been foreseen. It is of little importance whether the evil was or was not inevitable. Is it not an evil? And is it not a symptom of another crisis? Undoubtedly it is an evil, although the banks which have fallen merited their fate. We do not belong to the sect of those inexorable moralists who will be satisfied with nothing less than the death of the sinner. But this evil is not so frightful as is supposed; and instead of presaging new disaster, is a certain sign that the end of the crisis is at hand. The most important circumstance in the commercial crisis under which America is now suffering, is that the country has no currency but paper money. To put an end to the crisis, nothing is wanted but a return to specie payments. The most enlightened men in the country, the best informed and most influential merchants, and the strongest banks, have, for some time,

been strenuously endeavouring to advance this important measure. It is probable that specie payments will soon be commenced; but it ought, as well for the banks as for individuals, to be the signal for a general liquidation of debt. Those banks whose securities are based on the schemes of speculators, must and ought to fail. If, then, we see some banks shut their doors, it is only a proof that a day of payment has succeeded to a day of promise to pay, and that the United States have returned to a sound financial state. This should be a cause of rejoicing, rather than of fear, to the merchants of France."

AMHERST BANK—CASHIER'S DEVALUATION.—The following may be relied on, as a full and correct statement of facts, in relation to the defalcation of the cashier of the Amherst Bank:—On Friday afternoon, Sept. 28th, circumstances came to the knowledge of one of the directors of the Amherst Bank, which led him to suspect that the cashier had been employing the funds of the bank to a considerable extent, without the authority of the directors. An immediate interview was sought with the cashier, and, by a series of pressing interrogatories, the astounding fact was extorted from him that nearly seventeen thousand dollars had, at different times, in sums of a few hundred dollars at a time, been secretly loaned by the cashier, to one Moody Clapp, of Orange. Clapp, it seems, was an early and intimate friend of Mr. Root, the cashier, and had always retained his confidence and good opinion. Four or five years ago, he obtained a regular discount at the bank of a note for twelve or fifteen hundred dollars, with good sureties. When this note became due, Clapp was unable to meet the payment, and by specious promises induced the cashier to lay the note aside, and to renew, for a few days, from the directors the fact of its being overdue. After it had laid in this situation so long that the cashier was unwilling to let the directors know about it—and after Clapp's sureties on the note had become very importunate to have it taken up, Clapp persuaded the cashier to allow him to take away the old note, and leave his new note alone in its stead for a few days, promising him that it should be punctually paid. When the time came round, Clapp told him he had been disappointed and could not meet it—and further, that unless he could raise several hundred dollars more immediately, he must fail, and thus the debt he already owed would be lost. Root then consented to loan him more money on his note for ten days. It is evident that the cashier was now entirely in the power of Clapp, who by threatening an exposure, could and did extort money from him, whenever he wished it, until about a year ago, when the aggregate loans amounted to about the sum above stated.

The affair was, in its whole progress, concealed from every member of the board of directors—and at every examination of the bank, made by them or their committee, the amount loaned to Clapp was falsely represented by the cashier, as due from various banks and individuals at a distance, with whom the bank had open accounts. By making false entries of this sort in the books of the bank, it is easy to see, that so long as no suspicion was excited, this system of fraud might have been continued by the cashier until the resources of the bank had become seriously impaired, and its operations crippled; or until the bank perhaps would have been unable to have secured itself on the property of Mr. Root and his sureties. As it is, the amount of his defalcation is within the penal sum of the cashier's bond, and his sureties are amply responsible, so that it is not supposed that the bank will sustain any ultimate loss.

As soon as these facts were ascertained by the directors, they removed Mr. Root from office, and took possession of the vault, books, &c. At the annual meeting of the stockholders, on the subsequent Monday, the course taken by the directors was approved, and they were expressly exonerated from all blame in regard to these frauds of the cashier. The same board of directors were re-elected.

It is due to Mr. Root to say, that there is no evidence that he has profited in the least by these infamous transactions, and as soon as the exposure took place, he made a voluntary conveyance of all his property to the bank to relieve his sureties to that extent. He has sustained heretofore a perfectly unshaken character.

After this statement, it is perhaps unnecessary to say, that the ability of the bank to meet all its engagements is not impaired, and that its circulation will be promptly redeemed at its own counter, or in Boston, as usual.—*Hampshire Gazette.*

DOMESTIC INTELLIGENCE.

Beware of Counterfeit Mexican Dollars.—It appears that Mexican dollars of base and spurious character have been lately circulated in this city. A gentleman of our acquaintance assured us that he saw one of these counterfeit dollars, which had been taken in the Centos Market last Saturday. They are said to be extremely well executed, and can only be detected by the base metallic sound which they yield when rung upon a table or counter. Storekeepers and others should, therefore, be upon their guard.—*Nat. Int.*

The Charleston Mercury of the 9th states that on the 8th instant, the first day of the opening of the subscription books of the Southwestern Railroad Bank, 9,500 shares were subscribed. The shares are \$100 each. The books are to remain open for thirty days. The Mercury adds, that the city council and other corporations in Charleston, and several individuals of large property had set the good example, by subscribing for the whole amount of the shares of which they were entitled, so that the prospects are cheering. It is added "that arrangements have been made for bringing home immediately, in specie, so much of the loan lately effected by General Hamilton, as may be necessary to put the Railroad Bank in operation without embarrassment to the other monied institutions. Accounts from all quarters represent the people as prepared to make up the amount of the capital of the bank, and anxious for its immediate establishment. The success of the bank may now be considered as certain, and it will go very far to ensure the success of the road.

SPRING.—Specie is quite lively in crossing the Atlantic, back and forward. A plenty of it came over in '34, went back in '36, came again in '37, and now it is going off as fast as ever. A string of drays loaded with it came down Wall street yesterday for the Liverpool and Havre packets, and in all sorts of ways it is clearing off for better quarters. It would not be imprudent for people to keep a bit of a roof in their sails, now they are going to sea, until they ascertain what sort of weather is likely to blow along. They who manage prudently, will get safe over, but there is no certainty that we shall have five years of good weather. *Jour. of Commerce, October 9.*

NEW YORK, October 30.

THE MONEY MARKET.—Affairs are in a little confusion just now. The operations in specie are so large as to set the banks on the guard. Something like a million has gone to Europe, a half million to the

British provinces to pay for bills of exchange, and just now about six hundred thousand has been drawn by the Bank of the United States, which we are told is to go to the great bank in Charleston. This is in part the proceeds of Gen. Hamilton's loan which the U. S. Bank is made the agent for negotiating. Our market is largely drained of money to supply the lack of other sections, by means of certificates of deposits, post notes, and credits in all shapes. The largest of all borrowers is the Bank of the United States. It has been able, by the establishment of its bank in New York, to borrow about half a million by way of deposits, and its post notes are constantly in market at six per cent. A large proportion of those which have fallen due in September and October, have been renewed for six months more. It is estimated that from two to three millions of the post notes of the United States Bank are now held by our city banks. The Bank of the United States has supplied a large proportion of exchange for the remittances to be made by the Royal William. The bills are probably drawn against Gen. Hamilton's loan, at least to a considerable extent. *Journal of Commerce.*

SALES OF STOCK AT PHILADELPHIA.

October 22.

3 shares U. S. Bank,	120	100
10 " Commercial Bank,	82½	50
90 " Girard Bank,	51½	50
60 " "	52	
89 " Northern Bank, Ky. Wed. Sat,	80½	90
100 " "	80½	
\$1360 Lehigh Sixes, 1845,	101½	100

SALES OF STOCK AT NEW YORK.

October 20.

50 shares U. S. Bank,	119½
1505 " Del. and Hudson Canal,	67½ 67½
275 " Vicksburg Bank,	75½ 74½
185 " Kentucky Bank,	85½ 85
100 " Ohio Life and Trust,	105½ 104½
85 " Boston & Providence R.R.,	101½ 101½
123 " Stonington Railroad,	40
75 " Mohawk Railroad,	67½ 66½
175 " Harlem Railroad,	53½ 53½
450 " Patterson Railroad,	52½ 52½
60 " Utica Railroad,	117

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

October 20.

Bills on London, 60 days sight, 9¼ a 9½ p. cent. prem.	
" France, " 5 18½ a 5 20 fr. p. doll.	
" Holland, " 40½ a 41 ct. p. guilder.	
" Hamburg, " 36 a 36½ ct. p. m. ba.	
" Bremen, " — a 80 ct. p. rix doll.	
" Boston, at sight, par a ½ premium.	
" Philadelphia, " ½ a ½ discount.	
" Baltimore, " ½ a ½ do.	
" Richmond, " 1½ a 2 do.	
" N. Carolina, " 3½ a 4½ do.	
" Charleston, " 1½ a 2½ do.	
" Savannah, " 1½ a 2 do.	
" Augusta, " 1½ a 2 do.	
" Mobile, " 6 a 6½ do.	
" New Orleans, " 2½ a 3 do.	
" Louisville, " 2 a 2½ do.	
" Nashville, " 5 a 5½ do.	
" Natchez, " 7 a 8 do.	
" St. Louis, " 2½ a 3½ do.	
" Cincinnati, " 1½ a 2½ do.	
" Michigan, " 10 a 12 do.	
" Detroit, " 4 a 5 do.	

American gold,	7 - premium.
do. new coinage,	par a ½ do.
Spanish dollars,	2½ a 3½ do.
Carlos do.	6 a 7 do.
Mexican dollars,	1 a 1½ do.
Half dollars,	par a ½
Five-franc pieces,	94½ a 94½ cents each.
Doublons,	\$16 50 a \$16 60 do.
do. patriot,	15 60 a 15 68 do.
Sovereigns,	\$4 85 each.

WEDNESDAY, OCTOBER 24, 1838.

THE STOCK MARKET.—Our readers will have perceived, that for many weeks past there has been a gradual decline in the price of stocks. This result is ascribed by many, to the late elections in Maryland, Ohio and Pennsylvania, which have resulted in the choice of governors understood to be favourable to the Federal administration, and to the sub-treasury system. A part of it, we think may be ascribed to the new banking law of New York, which throws at once into the market at par, an unlimited amount of bank stock, and consequently augments the capital upon which the whole profits of banking are to be divided, thereby diminishing the average rate of dividends. Persons who have rail road and distant bank stocks may deem it best to sell them at a loss rather than hold them, with the view of investment in some of the new banks about to be organized. A further cause no doubt is, that the tendency of specie to go abroad would seem to indicate a redundant currency, which nothing can cure but a reduction of bank loans, that will create a pressure for money. We are of opinion, that matters cannot become permanently settled, until the large amount of coin imported into New York, a few months ago, at a time when no coin was called for by the laws of trade, shall have gone back.

TO SUBSCRIBERS.—The resumption of specie payments by most of the banks in the United States, and the probability that by the first of January next, all the rest will have followed the example, renders it quite certain that sufficient support for this publication cannot be relied upon after that period, and the publisher therefore gives notice, that after the completion of the present volume on the last Wednesday of December next, the work will be discontinued. Non-resident subscribers who have not paid for the current volume are respectfully requested to remit as before. Those who reside in Philadelphia, New York, Boston, and Baltimore, will be called upon. Both volumes can be supplied to new subscribers on the payment of five dollars.

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

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Nathan Hickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations of sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, OCTOBER 31, 1838.

No. 18.

THE TRADE OF BANKING IN ENGLAND:

BY MICHAEL J. QUIN, ESQ., BARRISTER AT
LAW.

APPENDIX.

(Concluded from page 263.)

K.

SCOTCH BANKS.

"The act of 1708, preventing more than six individuals from entering into a partnership for carrying on the business of banking, did not extend to Scotland. In consequence of this exemption, several banking companies, with numerous bodies of partners, have always existed in that part of the empire. The Bank of Scotland was established by act of parliament in 1695. It enjoyed, by the terms of its charter, for twenty-one years, the exclusive privilege of issuing notes in Scotland. Its original capital was only 100,000*l.* It was increased to 200,000*l.* in 1744; and now amounts to 1,500,000*l.* The partners are liable only to the amount of the shares they respectively hold.

"The Royal Bank of Scotland was established in 1727. Its original capital was 151,000*l.* At present it amounts to 1,500,000*l.*

"The British Linen Company was incorporated in 1746, for the purpose, as its name implies, of undertaking the manufacture of linen. But the views in which it originated were speedily abandoned; and it became a banking company only. Its capital amounts to 500,000*l.*

"None of the other banking companies established in Scotland are chartered associations; and the partners are jointly and individually liable, to the whole extent of their fortunes, for the debts of the firms. Some of them, such as the National Bank, the Commercial Banking Company, the Dundee Commercial Bank, the Perth Banking Company, &c. have very numerous bodies of partners. Their affairs are uniformly con-

ducted by a board of directors, annually chosen by the shareholders.

"The Bank of Scotland began to issue one pound notes so early as 1704; and their issue has since been continued without interruption. 'In Scotland,' to use the statement given in the report of the committee of the house of commons of 1826, on the promissory notes of Scotland and Ireland, 'the issue of promissory notes payable to the bearer on demand, for a sum of not less than twenty shillings, has been at all times permitted by law; nor has any act been passed limiting the period for which such issue shall continue legal in that country. In England, the issue of promissory notes for a less sum than five pounds was prohibited by law from the year 1777 to the period of the bank restriction in 1797. It has been permitted since 1797; and the permission will cease, as the law at present stands, in April 1829.'

"There have been comparatively few bankruptcies among the Scotch banks. In 1793 and 1825, when so many of the English provincial banks were swept off, there was not a single establishment in Scotland that gave way. This superior stability seems to be ascribable partly to the formation of so many banks with numerous bodies of partners, which tends to prevent any company with only a few partners, unless they are known to possess considerable fortunes, from getting paper into circulation; partly to the less risk attending the business of banking in Scotland; and partly to the facility afforded by the law of Scotland of attaching a debtor's property, whether it consist of land or movables, and making it available to the payment of his debts.

"In the report already quoted, the last mentioned topic is touched upon as follows: 'The general provisions of the law of Scotland bearing upon this subject are calculated to promote the solidity of banking establishments, by affording to the creditor great facilities of ascertaining the pecuniary circumstances of individual partners, and by making the private fortunes of those partners available for the discharge of the obligations

of the bank with which they are connected. There is no limitation upon the number of partners of which a banking company in Scotland may consist, and, excepting in the case of the Bank of Scotland and the two chartered banks, which have very considerable capitals, the partners of all banking companies are bound jointly and severally, so that each partner is liable, to the whole extent of his fortune, for the whole debts of the company. A creditor in Scotland is empowered to attach the real and heritable, as well as the personal estate of his debtor, for payment of personal debts, among which may be classed debts due by bills and promissory notes; and recourse may be had, for the purpose of procuring payment, to each description of property at the same time. Execution is not confined to the real property of a debtor merely during his life, but proceeds with equal effect upon that property after his decease.

"The law relating to the establishment of records gives ready means of procuring information with respect to the real and heritable estate of which any person in Scotland may be possessed. No purchase of an estate in that country is secure until the seisine (that is, the instrument certifying that actual delivery has been given) is put on record, nor is any mortgage effectual until the deed is in like manner recorded.

"In the case of conflicting pecuniary claims upon real property, the preference is not regulated by the date of the transaction, but by the date of its record. Those records are accessible to all persons, and thus the public can with ease ascertain the effective means which a banking company possesses of discharging its obligations; and the partners in that company are enabled to determine, with tolerable accuracy, the degree of risk and responsibility to which the private property of each is exposed."

"All the Scotch banks receive deposits of so low a value, as ten pounds, and sometimes lower, and allow interest upon them.

"The interest," say the committee, "allowed by the bank upon deposits varies from time to time according to the current rate of interest which money generally bears. At present, 1826, the interest allowed upon deposits is four per cent." (At this moment, 1831, the interest allowed on deposits is only two or two and a half per cent.) "It has been calculated that the aggregate amount of the sums deposited with the Scotch banks amounts to about twenty or twenty-one millions." (It is believed to be at present, 1831, little if any thing under twenty-four millions.)

"The precise accuracy of such an estimate cannot of course be relied on. The witness by whom it was made thought that the amount of deposits could not be less than sixteen millions, nor exceed twenty-five millions, and took an intermediate sum as the probable amount. Another witness, who had been connected for many years with different banks in Scotland, and has had experience of their concerns at Stirling, Edinburgh, Perth, Aberdeen, and Glasgow, stated that *more than one half of the deposits in the banks with which he had been connected were in sums from ten pounds to two hundred pounds.* Being asked what class of the community it is that makes the small deposits, he gave the following answer, from which it appears that the mode of conducting this branch of the banking business in Scotland has long given to that country many of the benefits derivable from the establishment of saving banks.

"Question—What class of the community is it that makes the smallest deposits? Answer—They are generally the labouring classes in towns like Glasgow: in country places, like Perth and Aberdeen, it is from servants and fishermen, and that class of the community, who save small sums from their earnings, till they come to be a bank deposit. There is now a facility for their placing money in the Provident Banks, which receive money till the deposits amount to ten pounds. When it comes to ten pounds, it is equal to the minimum of a bank deposit. The system of banking in Scotland is an extension of the Provident Bank system. Half yearly or yearly those depositors come to the bank, and add the savings of their labour, with the interest that has accrued upon the deposits from the previous half year or year, to the principal; and in this way it goes on without being at all reduced, accumulating (at compound interest) till the depositor is able either to buy or build a house, when it comes to be one, or two, or three hundred pounds, or till he is able to commence business as a master in the line in which he has hitherto been a servant. A great part of the depositors of the bank are of that description, and a great part of the most thriving of our farmers and manufacturers have arisen from such beginnings."

"The loans or advances made by the Scotch banks are either in the shape of discounts or upon cash credits, or, as they are more commonly termed, *cash accounts.*

"This species of account does not differ in principle from an over-drawing account at a private banker's in England. A cash credit is a credit given to an individual by a banking

company for a limited sum, seldom under one hundred or two hundred pounds, upon his own security, and that of two or three individuals approved by the bank, who become sureties for its payment. The individual who has obtained such a credit is enabled to draw the whole sum, or any part of it, when he pleases; replacing it, or portions of it, according as he finds it convenient; interest being charged upon such part only as he draws out. 'If a man borrows five thousand pounds from a private hand, besides that it is not always to be found when required, he pays interest for it whether he be using it or not. His bank credit costs him nothing, except during the moment it is of service to him; and this circumstance is, of equal advantage as if he had borrowed money at a much lower rate of interest.'—*Hume's Essay on the Balance of Trade*. This, then, is plainly one of the most commodious forms in which advances can be made. Cash credits are not, however, intended to be a *dead loan*; the main object of the banks in granting them is to get their notes circulated, and they do not grant them except to persons in business, or to those who are frequently drawing out and paying in money.

"The system of cash credits has been very well described in the reports of the lords' committee of 1826, on Scotch and Irish banking. 'There is also,' say their lordships, 'one part of their system, which is stated by all the witnesses (and, in the opinion of the committee, very justly stated) to have had the best effects upon the people of Scotland, and particularly upon the middling and poorer classes of society, in producing and encouraging habits of frugality and industry. The practice referred to is that of cash credits. Any person who applies to a bank for a cash credit is called upon to produce two or more competent sureties, who are jointly bound; and after a full enquiry into the character of the applicant, the nature of his business, and the sufficiency of his securities, he is allowed to open a credit, and to draw upon the bank for the whole of its amount, or for such part as his daily transactions may require. To the credit of the account he pays in such sums as he may not have occasion to use, and interest is charged or credited upon the daily balance, as the case may be. From the facility which these cash credits give to all the small transactions of the country, and from the opportunities which they afford to persons who begin business with little or no capital but their character, to employ profitably the minutest products of their industry, it cannot be doubted that the most important

advantages are derived to the whole community. The advantage to the banks who give these cash credits arises from the call which they continually produce for the issue of their paper, and from the opportunity which they afford for the profitable employment of part of their deposits. The banks are indeed so sensible that, in order to make this part of their business advantageous and secure, it is necessary that their cash credits should (as they express it) be frequently operated upon, that they refuse to continue them unless this implied condition be fulfilled. The total amount of their cash credits is stated by one witness to be five millions, of which the average amount advanced by the banks may be one third.'

"The expense of a bond for a cash credit of 500*l.* is 4*l.* stamp duty, and a charge of 10*s.* 6*d.* per cent. for filling it up.

"According to a demi-official return given in the commons' report already referred to, the total number of notes in circulation in Scotland, in the early part of 1826, amounted to 3,309,082, of which 2,079,344 were under 5*l.*, and 1,229,838, 5*l.* and upwards.

"The Scotch banks draw on London at twenty days' date. This is denominated the par of exchange between London and Edinburgh.

"Most of the great Scotch banks, such as the Bank of Scotland, the Royal Bank, &c. have established branches in other towns, besides that where the head office is kept.

"By the act 9 Geo. IV. c. 65, to restrain the negotiation in England of Scotch or Irish promissory notes and bills under 5*l.*, it is enacted, that if any body politic or corporate, or person, shall, after the 5th of April, 1822, publish, utter, negotiate, or transfer, in any part of England, any promissory or other note, draft, engagement, or undertaking, payable on demand to the bearer, for any sum less than 5*l.*, purporting to have been made or issued in Scotland or Ireland, every such body politic or corporate, or person, shall forfeit for every such offence not more than 20*l.* nor less than 5*l.*

"Nothing contained in this act applies to any draft or order drawn by any person on his or her banker, or on any person acting as such banker, for the payment of money held by such banker or person for the use of the person by whom such draft or order shall be drawn."—*McCulloch's Commercial Dictionary*—Art. Banks (Scotch.)

[See Table next page.]

The following Table contains an account of the number of banks in Scotland; the names of the firms or banks; dates of their establishment; places of the head offices; number of branches; number of partners; and the names of their London Agents.

Extracted principally from the Appendix, p. 19, to the Commons' Report of 1828, on Scotch and Irish Banking.

Names of Firms or Banks.	Date.	Head Office.	No. of branches.	No. of Partners.	London Agents.
1 Bank of Scotland,	1695	Edinburgh	16	Charter	Coutts & Co.
2 Royal Bank of Scotland,	1727	ditto	1	ditto	Bank of England, and ditto.
3 British Linen Company,	1746	ditto	27	ditto	Smith, Payne & Co.
4 Aberdeen Banking Company, . . .	1767	Aberdeen	6	80	Glyn & Co.
5 Aberdeen Town and Country Bank, .	1825	ditto	4	446	Jones, Loyd & Co.
6 Arbroath Banking Company, . . .	1825	Arbroath	2	112	Glyn & Co.
7 Carrick & Co., or Ship Bank, . . .	1746	Glasgow	None	8	Smith, Payne & Co.
8 Comm. Banking Company of Scotland, .	1810	Edinburgh	31	521	Jones, Loyd & Co.
9 Commercial Banking Company, . . .	1778	Aberdeen	None	15	Kinloch & Sons.
10 Dundee Banking Company,	1777	Dundee	None	61	Kinloch & Sons.
11 Dundee New Bank,	1802	ditto	1	6	Ransom & Co.
12 Dundee Commercial Bank,	1825	ditto	None	202	Glyn & Co.
13 Dundee Union Bank,	1809	ditto	4	85	Glyn & Co.
14 Exchange and Deposit Bank, . . .	—	Edinburgh	—	1	—
15 Falkirk Banking Company,	1787	Falkirk	1	5	Remington & Co.
16 Greenock Banking Company,	1785	Greenock	3	14	Kay & Co.
17 Glasgow Banking Company,	1809	Glasgow	1	19	Ransom & Co., Glyn & Co.
18 Hunters & Co.,	1773	Ayr	3	8	Herries & Co.
19 Leith Banking Company,	1792	Leith	4	15	Barnett & Co.
20 National Bank of Scotland,	1825	Edinburgh	8	1238	Glyn & Co.
21 Montrose Bank,	1814	Montrose	2	97	Barclay & Co.
22 Paisley Banking Company,	1783	Paisley	4	6	Smith, Payne & Co.
23 Paisley Union Bank,	1788	ditto	3	4	Glyn & Co.
24 Perth Banking Company,	1766	Perth	5	147	Barclay & Co.
25 Perth Union Bank,	—	ditto	—	69	Remington & Co.
26 Ramsay's, Bonar's, & Co.,	1738	Edinburgh	None	8	Coutts & Co.
27 Renfrewshire Banking Company, . . .	1802	Greenock	5	6	Kay & Co.
28 Shetland Bank,	—	Lerwick	—	4	Barclay & Co.
29 Sir William Forbes & Co.,	—	Edinburgh	—	7	Barclay & Co., Coutts & Co.
30 Stirling Banking Company,	1777	Stirling	2	7	Kinloch & Sons.
31 Thistle Bank,	1771	Glasgow	None	6	Smith, Payne & Co.

Private Banking Companies in Edinburgh who do not issue Notes.

Names of Firms or Banks.	Date.	Head Office.	No. of branches.	No. of partners.	London Agents.
Messrs. Kinnear, Smith & Co., . . .	1830*	Edinburgh	None	—	Smith, Payne & Co.
Robert Allan & Son,	1776	ditto	None	—	Bosanquet & Co.
James Inglis & Co.,	—	ditto	None	—	Bosanquet & Co.

* This firm was established last year by the junction of two long-established and highly respectable firms, Thomas Kinnear & Son and Donald Smith & Co.—*M'Culloch's Com. Dict.—Art. Banks (Scotch.)*

L.

IRISH BANKS.

"In no country, perhaps," says Sir Henry Parnell, "has the issuing of paper money been carried to such an injurious excess as in Ireland. A national bank was established in 1783, with similar privileges to those of the Bank of England, in respect to the restriction of more than six partners in a bank; and the injury that Ireland has sustained from the repeated failure of banks may be mainly attributed to this defective legislative regulation. Had the trade of banking been left as free in

Ireland as it is in Scotland, the want of paper money that would have arisen with the progress of trade, would, in all probability, have been supplied by joint-stock companies, supported with large capitals, and governed by wise and effectual rules.

"In 1797, when the Bank of England suspended its payments, the same privilege was extended to Ireland; and after this period the issues of the Bank of Ireland were rapidly increased. In 1797, the amount of the notes of the Bank of Ireland in circulation was 621,917*l.*; in 1810, 2,266,471*l.*; and in 1814, 2,986,999*l.*

"These increased issues led to corresponding increased issues by the private banks, of which the number was fifty in the year 1804. The consequence of this increase of paper was a great depreciation of it; the price of bullion and guineas rose to ten per cent. above the mint price; and the exchange with London became as high as 18 per cent., the par being 84. This unfavourable exchange was afterwards corrected; not by any reduction in the issues of the Bank of Ireland, but by the depreciation of the British currency in the year 1810, when the exchange between London and Dublin settled again at about par.

"The loss that Ireland has sustained by the failure of banks may be described in a few words. It appears by the report of the committee on Irish exchanges, in 1804, that there were at that time in Ireland fifty registered banks. Since that year, a great many more have been established; but the whole have failed, one after the other, involving the country from time to time in immense distress, with the following exceptions:—first, a few that withdrew from business; secondly, four banks at Dublin; thirdly, three at Belfast; and, lastly, one at Mallow. These eight banks, with the new provincial bank, and the Bank of Ireland, are the only banks now existing in Ireland.

"In 1821, in consequence of eleven banks having failed nearly at the same time, in the preceding year, in the south of Ireland, government succeeded in making an arrangement with the Bank of Ireland, by which joint-stock companies were allowed to be established at a distance of fifty miles (Irish) from Dublin, and the bank was permitted to increase its capital 500,000*l*. The act of 1 and 2 Geo. IV. c. 72, was founded on this agreement.

"But ministers having omitted to repeal in this act various restrictions on the trade of banking that had been imposed by 33 Geo. II. c. 14, no new company was formed. In 1824, a party of merchants of Belfast, wishing to establish a joint-stock company, petitioned parliament for the repeal of this act of Geo. II.; and an act was accordingly passed in that session, repealing some of the most objectionable restrictions of it (the 5 Geo. IV. c. 73.)

"In consequence of this act, the Northern Bank of Belfast was converted into a joint-stock company, with a capital of half a million, and commenced business on the 1st of January, 1825. But the remaining restrictions of 33 Geo. II., and certain provisions contained in the new acts of 1 and 2 Geo. IV.

and 5 Geo. IV., obstructed the progress of this company, and they found it necessary to apply to government to remove them; and a bill was accordingly introduced, which would have repealed all the obnoxious clauses of the 33 Geo. II., had it not been so altered in the committee as to leave several of them in force. In 1825, the Provincial Bank of Ireland commenced business, with a capital of two millions; and the Bank of Ireland have of late established branches in all the principal towns in Ireland.

"The losses that have been sustained in Ireland by abusing the power of issuing paper have been so great, that much more is necessary to be done, by way of protecting the public from future loss, than the measure proposed last session (1826) by ministers, of abolishing small notes, and the measure already adopted, of allowing joint-stock companies to be established in the interior of the country. As the main source of the evil consists in the interference of the law in creating a national bank with exclusive privileges, the first step that ought to be taken for introducing a good system into Ireland is the getting rid of such a bank, and opening the trade of banking in Dublin. The next measure should be the requiring of each bank to give security for the amount of paper that is issued; for after the experience of the ignorance with which the Irish banks have conducted their business, and the derangement of the natural course of the trade by the long existence of the Bank of Ireland, it would be unwise to calculate upon a sound system of banking speedily supplanting that which has been established.

"Under the circumstances in which Ireland is placed, nothing would so much contribute to her rapid improvement in wealth, as the introducing of the Scotch plan of cash credits, and of paying interest on deposits. By cash credits the capital which now exists would be rendered more efficient, and the paying of interest on small deposits would lead to habits of economy, and to the more rapid accumulation of new capital.

"The charter of the Bank of Ireland has still to run till the year 1838; but as the charter of the Bank of England expires in 1833, unless measures are taken for getting rid of that of the Bank of Ireland in 1833, each part of the United Kingdom will, after that year, have a separate system of banking.' (*Observations on Paper Money, &c.* by Sir Henry Parnell, pp. 171–177.)

"The capital of the Bank of Ireland, at its establishment in 1783, amounted to 600,000*l*.; but it has been increased at various periods;

and has, since 1821, amounted to 3,000,000*l*. At present, no bank having more than six partners can be established any where within fifty Irish miles of Dublin; nor is any such bank allowed to draw bills upon Dublin for less than 50*l*., or at a shorter date than six months. This enactment seems to amount to a virtual prohibition of the drawing of such bills. The Bank of Ireland draws on London at twenty days' date. She neither grants cash credits, nor allows any interest on deposits. She discounts at the rate of 5*l*. per cent.

"The Provincial Bank and the Northern Banking Company grant cash credits, and allow interest on deposits.

"It appears, from the statements given in the report of the commons' committee of 1826, that the average value of the notes and post bills of the Bank of Ireland of 5*l*. and upwards in circulation, during the five years ending with 1825, amounted to 3,646,660*l*. Irish currency; and that the average value of the notes and post bills under 5*l*. in circulation during the same period amounted to 1,643,828*l*. Irish currency. The average value of the notes of all descriptions issued by the other banking establishments in Ireland, in 1825, amounted to 1,192,866*l*.

"In 1828, the currency of Ireland was assimilated to that of Great Britain. Previously to that period, the currency of the former was 8*l* per cent. less valuable than that of the latter."—*McCulloch's Dictionary of Commerce—Art. Banks, (Irish.)*

From the Boston Atlas of February 14, 1828.

COMMONWEALTH BANK.

The joint committee of the legislature appointed to examine into the doings of the Commonwealth Bank, in the city of Boston, and hear the said bank thereon agreeably to the provisions of the 36th chapter of the Revised Statutes, and to report the result of their investigations to the present legislature, have attended to that duty, and ask leave to present the following

REPORT.

In entering upon the enquiry the committee felt great anxiety as to the discharge of the responsible duty assigned to them, being fully acquainted with the public solicitude in regard to the affairs of this institution. The credit of the Commonwealth Bank had been long established. It had been under the management and influence of leading and distinguished individuals—was the favourite and confidential depository of the administration of the general government in the eastern section of the Union; and as such had the control of great means, and could command a widely extended circulation of its bills. Under such management, with such friends and such extensive resources, the failure of the Commonwealth Bank has excited a strong sensation in this community—and with many, it was feared to be the precursor of a general failure of all our banking institutions.

In this state of public excitement the committee deemed it their duty to look with more than ordinary

diligence into the management of this corporation—to trace the causes of its great catastrophe, and to ascertain, if practicable, whether its misfortunes were the just result of public calamities, or the probable consequences of mismanagement and neglect on the part of its officers.

On Monday, the 15th of January last, they commenced their examination at the banking-house of said company, and have continued their investigations until they believed they had possessed themselves of all the important facts required by the order.

In their enquiry they have had access to the books and papers of the bank; have been attended by the directors, cashier, and other officers of the bank, and have obtained such information as was important to the committee, in order to enable them to arrive at their results;—and the committee feel it due to each to observe, that they have received from them every reasonable aid in the course of their investigation.

The committee at the commencement of their duties called for the state of the bank as it then existed, and in compliance with this request they were furnished by the cashier with a statement of the concerns of the bank, as made at the close of the business on the 13th January. It is proper, therefore, to bear in mind that the investigations and results of the committee have direct relation to this day.

Many transactions have since taken place in the bank of various kinds—to some of which the committee will allude—but it is out of their power to give a complete history of them, as well from want of time as from their inability to enjoin the officers of the bank from further proceedings.

The state of the bank on the 13th January, as presented to the committee, is as follows:—

Specie attached and taken away,	\$24,684 34
Balances due from city banks, including Middlesex,	114,058 36
Bills and checks,	358,185 00
Notes discounted,	884,757 27
Stock owned by the bank,	26,914 59
Expense,	8,046 03

\$1,415,945 59

Capital stock,	\$500,000 00
Balances due city banks,	180,000 00
Discount account,	14,099 20
Deposites,	328,914 85
Dividends unpaid,	975 50
Interest,	8,846 22
Contingent fund,	13,357 82
Notes payable,	11,500 00
Bills in circulation,	358,932 00

1,415,945 59

It was apparent to the committee, on a cursory view of this exhibit of the bank, presenting such a large amount of assets apparently available not only to meet all its demands but to afford aid to others—that the disastrous condition of the country, arising in so great a degree from the derangement of the currency, did not of itself afford a sufficient reason for the inability of the bank to sustain its credit. It had been neither required to pay specie for its bills—nor had it ceased its friendly relations with the associated banks—the government also made no unreasonable demands, and whether authorised or not by the orders of the treasury it answered demands upon it in the manner most convenient to itself.

The view thus taken of the exhibit, led the committee into a careful examination of its several items, and, indeed, to analyse every part of the statement, and the result of their investigation is presented in the following table:—

<i>Liabilities of the Bank.</i>	
Capital stock,	\$500,000 00
Deduct, owned by the bank 263 shares, which stand charged at \$26,214.59 a par, is	26,300 00
Due city banks,	473,700 00
Discount on notes,	205,000 00
Deposites,	14,099 20
Add, difference between the ledger and cashier's account,	523,098 16
Dividends unpaid,	380 63
Balance of interest ac- count,	323,478 99
Contingent fund, or profit and loss account, com- mencing with their op- erations,	275 50
Add, difference between par value of 263 shares deducted above and cost of same \$26,214 59, . . .	8,846 22
Post notes in circulation, . .	13,357 82
Bills " " " " " " " "	185 41
Port notes in circulation, . .	11,500 00
Bills " " " " " " " "	358,952 00
Add, guarantee to Mas- sachusetts Hospital Life Insurance Office for note of Warren Association, . .	50,000 00
From which deduct Discount account,	14,099 20
Interest,	8,846 22
Contingent fund,	13,443 23
Leaving a nominal balance in favour of the bank of . .	36,388 65
<i>Resources of the Bank.</i>	1,622,906 49
Specie,	24,684 34
Balance due from city banks,	139,058 26
Bills of other banks, in- cluding deficiency in teller's cash of \$660, . . .	1,706 00
Memorandum checks,	356,479 00
Over-drafts,	358,185 00
Notes discounted,	194,564 14
Difference not ascertained, . .	884,622 50
Expense account,	134 77
Add, Warren Association for guarantee of note to Hospital Life Ins. Co., . . .	8,046 03
Deduct from which Expense account,	1,009,295 14
	50,000 00
	1,639,295 14
	8,046 03
	\$1,651,249 11

This statement the committee believe is correct in every material point, as it is derived wholly from documents furnished by the officers of the bank. It will be perceived that the essential difference between the two statements consists in the amount of debts due to the bank, exclusive of debts due from any other bank, and of the bills of any bank so indebted. The committee state the amount of debts due to the bank to be \$1,435,800.41, besides its own stock of \$26,214.59, and the debt of \$50,000 of the Warren Association, for which the bank are endorers or guarantors; while in the statements of the bank the debts appear to be only \$884,757.37—showing the great difference of \$551,043 14 cents.

This variation arises from the different views taken of the assets in the teller's hands, and of the amount actually due to depositors. The item of \$358,185, is represented in the bank statement as bills and checks in the teller's hands, of course convertible into cash, and consequently equivalent to money. But the committee find that this large amount, instead of being the bills of other banks or checks drawn on other banks, consists in fact, (with the exception only of about \$490 in bills of other banks,) of loans on notes and memorandum checks, and of stocks now owned or assumed by the bank, upon nearly all of which interest is accruing or dividends may have been received; and they constitute a debt due to the bank. And it may here be mentioned that of this large sum in the teller's hands, \$120,256.06 was placed with him by the cashier on the morning of the same 13th of January.

The amount of deposits by the bank statement is \$328,214.85. But the committee in the investigation of the deposits account, ascertain that the actual amount of moneys standing to the credit of its various depositors, is \$323,578.99, and the amount of over-drafts, or in other words, of moneys drawn out of the bank by various individuals having nothing standing to their credit on the books of the bank, appears to be \$194,564.14—upon which accounts the bank has been in the practice of receiving interest, including however in this sum \$9,450 of Commonwealth Insurance Company stock. If these facts then, in regard to the debts due to the bank are true, the manner of stating the accounts by the committee is a correct mode of showing the true state of the bank.

The amount of loan exceeding twice the capital of the bank, independent of debts due from other banks and of their bills, led the committee to examine whether the excess of loan was accidental, and this manner of stating their account a mere inadvertence, or whether the conduct of the officers of the bank had been such as to lead to the conclusion that there had been a designed concealment of the amount of the loan.

It appears on looking into the amount of memorandum checks, notes, &c. in the teller's hands on the 13th January, that \$14,000 consists of bank and insurance stocks now belonging to the bank; of memorandum checks and notes bearing date in the years 1825 \$250, in 1835 \$8,200, in 1836 \$122,329.85, in 1837 \$155,329 74, and in 1838 \$56,376.41. The system then of loan by memorandum checks and notes lodged with the teller or cashier, to a great amount, is of considerable standing, sufficiently so, at least, to prove the custom of the directors in this respect. On the 9th of October, 1836, the directors voted that hereafter no money shall be drawn from the bank on memorandum checks or over-drafts. Notwithstanding this vote, however, the practice of allowing various persons regularly to over-draw their accounts was recommended, and is readily traced in the books to the years 1834 and 1835, and in some special instances to 1833—but the great amount of over-drafts appears in the years 1836 and 1837—

upon which interest has been cast from time to time, and the apparent aggregate of such over-drafts at the close of the 13th January, as before stated, was \$194,564.14—and in the careful examination of thirteen of the principal accounts thus overdrawn, the committee are constrained to believe that this mode of making loans was well known to and approved of by some of the directors, and not objected to by a majority of the others—and it may reasonably be inferred that this course was adopted and pursued to prevent the amount of loan from being known to those who saw nothing more than the common statements of the bank, and the returns to the legislature. Witnesses were introduced by the directors to show similar usages in other banks, and the same method of keeping the bank accounts. But while it was admitted by some of them that loans were occasionally made on memorandum checks, yet they testified that if any such were on hand when the return was made to the legislature, they were put into the loan, and not considered as cash—and while some also further testified that the deposit account, as contained in the bank statement, would only show the balance of the account, yet they said that no private over-drafts were suffered to remain after they had become known, so that the deposit accounts in their returns to the legislature were not intentionally lessened by over-drafts.

The committee were then led to consider the causes and circumstances under which loans of the character described had entered so very largely into the business of the bank.

From a cursory examination into its affairs, the committee are of opinion that the concerns of the bank were correctly managed during the time Mr. Buffington was its president. He retired from the bank on the 27th September, 1832, and Mr. John K. Simpson was elected president of the bank, October 1, 1832.

In 1833, the system of over-drawing appears to have commenced, and the loans to directors increased.

In the fall of that year, however, the then administration of the United States government saw fit to remove the public deposits from the United States Bank, and to place them in various deposit banks in different parts of the country. The government selected for this part of the Union the Commonwealth Bank as a proper depository for the safe keeping of the public moneys. After this selection and the giving of the bonds to the United States, the deposits commenced as is stated, October 5, 1833, the moneys of the public flowed into the bank and were freely loaned, and without attempting to give the details of the doings of the bank from year to year, the result of the whole is exhibited in the statement presented by the committee. It is true, that at the last session of the legislature an application was made to enlarge the charter of the bank by the increase of the capital stock. No grant however was obtained—yet the loans were made as freely as though such increase of the capital had taken place.

It will be clearly perceived, that though the directors of the bank may violate the provisions of its charter in extending its loans beyond the amount authorised by the laws, it by no means follows that the pecuniary interests of the stockholders or of the creditors are put at hazard. If the bank, having great funds at command, is judicious in its loans—if they are made to solvent individuals and good security, and for short periods—the creditors or stockholders are secured, though the charter is infringed—and under such management no insolvency of the bank can take place.

But in the present instance the bank had suspended its payments—its bills are greatly depreciated—its creditors exposed to severe loss—and its stock perhaps

worse than useless. What then is the cause of this calamity? How can this bank have descended so low? and why is it thus prostrated when it ought to stand on a commanding eminence? To account for such a calamity the committee thought it their duty to go farther—and to ascertain not only the amount of debts to the bank, but the character of those debts, by whom contracted, and under what circumstances. The committee have made this examination; and a question of great delicacy has arisen in their minds how far it is their duty to mention the names of any persons directly connected with the doings of the Commonwealth Bank. They feel well aware that in speaking of persons great caution should always be used, especially in cases where their characters or credit may be affected—the reputation of a man is a valuable property—and it is not to be lightly sported with; and the committee wish to be clearly understood that they distinctly disclaim, not merely the right to publish, but the right even to enquire into the private concerns of individuals; at the same time they are conscious they have no right to shrink from the official discharge of duty, because injurious consequences to individuals may flow from it. The committee are directed to enquire into the doings of the bank. But a bank is only an artificial being—an ingenious creation of the human mind, incapable therefore of committing any offence, or of violating any obligations. To enquire then into the doings of a bank is to enquire into the acts of its directors and officers. In accepting the situation they subject themselves to the examination of the public, through its great organ, the legislature: they are subject to a penalty if they obstruct the examination. They are made personally responsible in certain cases, and if any loss or deficiency of the capital stock takes place from their official mismanagement, the stockholders themselves are implicated in the loss, and indeed the exclusion of names altogether from such an examination might work as great a degree of injustice to the innocent, as the mention of them could of injury to the guilty. It may then be truly asserted that this enquiry is in a high degree personal in its character, and consequently in relating the doings of the bank, facts in regard to other persons may be required to be stated to give a just understanding of those doings, equally with the facts respecting the directors themselves. The following gentlemen have been directors of this bank from its creation in 1824: Messrs. John K. Simpson, Hall J. How, and Eliza Parks; Mr. William Freeman, and Mr. John Henshaw, became directors in 1825—and have both been elected regularly from that time to the present—but it appears that Mr. Henshaw retired from the direction in the fall of 1836. Mr. Freeman still continues in office. Mr. William Parmenter and Mr. Adams Bailey became directors in 1826. Mr. Parmenter continued in the direction till 1831, when he retired; and in 1832 he appears to have been made President of the Middlesex Bank. Mr. Bailey continued in the direction until October, 1837, when he was re-elected, but has not served since. In 1827 Mr. Samuel S. Lewis became a director and continued such, by re-election, to the present time—but he in fact retired from the direction in October last. In 1829 Mr. Charles Hood, the cashier, became a director, and continues so to the present time. In 1830 Mr. Oliver Fletcher became a director, and has continued in the board to the present time. In 1832 Mr. F. S. Carruth was chosen a director, and has continued in office to the present time. In 1835 Messrs. Otis Rich and John Mills became directors, and so continue by re-election, to the present time—though it is believed that Mr. Rich has not been legally qualified since the 20th of November, 1837,

he having then made an absolute assignment of his stock on the books of the bank, though it appears it was, in fact, as collateral security for a loan from the Provident Savings Institution. At the time the committee visited the bank, Messrs. F. S. Carruth, O. Fletcher, William Friseman, Hall J. How, John Mills, E. Parks, O. Rich, and C. Hood, were the acting board of directors.

It appears to the committee that the concerns of this bank, for a considerable period, have been left very much to the management of its late president, John K. Simpson, its cashier, Charles Hood, and Hall J. How, one of its directors. While loans have also been freely granted to some of the other directors.

To give a condensed view of the concerns of the bank, the committee annex two tables. The first will show the creditors and debtors of the bank, together with its other resources; and the second, the various heads under which these debts appear on the books and documents of the bank.

Statement of the Bank's Creditors.

City banks,	\$205,000 00
United States government,	337,625 29
Banks out of the city,	80,547 19
Provident Institution for Savings, in Boston,	49,000 00
Sundry individuals who appear to be debtors to the bank,	\$15,815 54
Individual depositors,	40,110 14
Difference between ledger and cashier's account,	380 83
Dividends unpaid,	56,306 51
Post notes in circulation,	275 50
Bills in circulation,	11,500 00
Bills in circulation,	358,952 00
Guarantee for Warren Association,	50,000 00

\$1,149,206 49

Resources of the Bank.

Specie,	\$24,684 34
Balances due from city and Middlesex banks,	\$139,058 36
Memo. checks in addition,	6,200 00
Balances due from banks out of city,	145,258 36
Bills of other banks,	30,466 71
Granite Bank stock, 100 shares,	690 00
Kilby " 28 "	10,000 00
Kilby " 28 "	2,900 00
Union Fire and Marine Insurance stock, Lynn, 12 shares,	1,200 00
Commonwealth Ins. stock, 103 shares,	9,450 00

\$23,450 00

Debts of Directors.

John K. Simpson,	173,407 78
Hall J. How, How & Jones, Eben Jones & Co., E. Jones, and J. & H. J. How & Co.,	209,888 94
Charles Hood,	30,690 25
Otis Rich,	69,517 65
Oliver Fletcher,	21,482 32
Elisha Parks, and Parks, Welsh & Co.,	7,013 90
Adams Bailey,	7,500 00
John Henshaw, and Henshaw, Ward & Co.,	86,363 63
Samuel S. Lewis,	27,400 00
Wm. Freeman, and Freeman & Fisk,	7,057 79
John Mills,	1,216 62

\$630,958 91

Principal Debtors.

Warren Association, including liability,	\$263,524 24
Commonwealth Insurance Company,	87,700 00
New England Crown Glass Company,	123,059 14
Hancock, Holden & Adams,	26,364 90
William Hancock,	26,150 00
Boston Wharf Company,	34,171 97
Mount Washington Association,	7,000 00
John K. Simpson, Jr.,	16,769 41
William Parmenter,	15,949 32
Sundry persons on over-drafts,	\$4,167 45
Sundry persons on Memorandum checks,	22,704 68
Charles Hood, cash on memorandum checks,	9,496 50
Sundry notes discounted,	157,767 18

194,135 81

\$1,650,233 11

Statement of the Principal Debtors to the Bank on the 13th January, 1835.

John K. Simpson—Loans on memorandum checks, 7,685.21; over-drafts, 40,742.99; notes discounted as promisor, 124,979.55; notes discounted for him as endorser, 55,909.34; liabilities as endorser in addition, 29,800.65; total liabilities, 230,117.77. Securities—221 Commonwealth Ins. shares, 117 Commonwealth Bank, 5 N. E. Crown Glass; 84 Merrimack County Bank, Mitchell Lincoln endorsed for 31,206. Jos. Bradley, 3,000; 45 shares Merrimack River Transportation Company.

Hall J. How, J. & H. J. How & Co., How & Jones, Eben'r Jones, and Eben'r Jones & Co.—Loans on memorandum checks, 78,978.94; notes discounted as promisors, 130,910; notes discounted for them as endorsers, 15,491.24; liabilities as endorsers in addition, 75,600; total liabilities, 300,980.18. Securities—Real estate attached for about 34,000, endata, by How & Jones, H. J. How, Eben'r Jones & Co., C. W. How & Co. various amounts; A. Little, 3,000, John Henshaw, 15,000.

Charles Hood—Memorandum checks, 7,090.25; notes discounted as promisor, 23,000; liabilities as endorsers in addition, 34,899.09; total liabilities, 64,989.31. Securities—30 shares Commonwealth Ins. Office, 50 shares Warren Association, and O. Rich endst. 8,000, and 49 shares Commonwealth Bank.

Otis Rich—Loans on memorandum checks, 21,000 08; over-drafts, 3,297.21; notes discounted as promisor, including T. H. note and mortgage, 35,220.47; notes discounted for him as endorser, 15,689.14; liabilities as endorser in addition, 8,000; total liabilities, 84,206.82. Securities—Mortgage 4,426.79, and C. Hood, endst. for 30,93.68.

Oliver Fletcher—Loans on memorandum checks, 3,497.52; over-drafts, 184.90, notes discounted as promisor, 17,800; notes discounted for him as endorser, 615.02; total liabilities, 22,097.34. Security—John Henshaw, endst. for 17,800.

Elisha Parks, and Parks, Welsh & Co.—Loans on memorandum checks, 6,448.32; over-drafts, 565.58; total liabilities, 7,013.90.

Adams Bailey—Notes discounted as promisor, 7,500; total liabilities, 7,500. Securities—50 shares Commonwealth Bank and 34 Insurance stocks.

John Henshaw, and Henshaw, Ward & Co.—Over-drafts, 12,963.11; notes discounted as promisors, 73,409.52, liabilities as endorsers in addition, 42,800; total liabilities, 129,183.63. Securities—23 shares Commonwealth Bank; D. Henshaw, 20,000; C. Hen-

shaw, 10,000; D. & C. Henshaw, 21,480; C. Henshaw, and How & Jones, 3,500, and S. S. Lewis, 10,000.

Samuel S. Lewis—Over-drafts, 13,400; notes discounted as promisor, 14,000; liabilities as endorser in addition, 9,600; total liabilities, 37,000. Securities—15 Commonwealth Ins. shares; J. Henshaw endst. for 10,000, and Hancock, Holden & Adams, for 2,500.

Warren Association—Loans on memor. checks, 21,200; over-drafts, 55,134.25; notes discounted as promisor, on interest, 137,090; liabilities as endorser in addition, 50,000; total liabilities, 263,424.24.

Commonwealth Insurance Co.—Loans on memor. checks, 87,700; total liabilities, 87,700. Securities—500 shares Commonwealth Bank.

N. E. Crown Glass Co.—Loans on memorandum checks, 41,000; over-drafts, 3,459.14; notes discounted as promisor, 75,000; notes discounted for them as endorsers, 400; total liabilities 123,459.14.

Boston Wharf Co.—Loans on memorandum checks, 18,000; over-drafts, 16,171.97; total liabilities, 34,171.97. Mount Washington Association—Loans on memorandum checks, 7,000; total liabilities, 7,000.

Freeman & Fisk, and Wm. Freeman—Over-drafts, 433.14; notes discounted as promisors, 6,624.65; notes discounted for them as endorsers, 7,336.54; liabilities as endorsers in addition, 9,800; total liabilities, 24,196.33. Securities—Wm. Freeman, 6,000, and sundry notes discounted.

Wm. Parmenter—Loans on memorandum checks, 1,221.55; over-drafts, 1,027.77; notes discounted as promisor, 13,700; total liabilities, 15,938.55. Securities—John K. Simpson, endst. 300, and C. Hood 400.

John K. Simpson, Jr.—Over-draft, 2,969.41; notes discounted as promisor, 12,800; total liabilities, 16,769.41. Securities—John K. Simpson, 11,800, and D. P. Simpson, 6,000.

Wm. Hancock, and Hancock, Holden & Adams—Loans on memorandum checks, 100; notes discounted as promisors, 52,364.90; notes discounted for them as endorsers, 340.67; liabilities as endorsers in addition 2,500; total liabilities, 55,335.57. Securities—John K. Simpson's guarantee and endorsement for 52,634.90.

Sundry banks out of the city—Over-drafts, 30,466.71. Sundry persons, &c.—Loans on memor. checks, 52,507.18; over-drafts, 13,728.07; notes discounted as promisors, 158,767.18.

Total—Loans on memorandum checks, 356,479; over-drafts, 194,564.14; notes discounted as promisors, 884,757.27; notes discounted for them as endorsers, 95,763.95; liabilities as endorsers in addition, 262,999.74; total liabilities, 1,540,004.19.

These statements, with some explanations on the part of the committee, will tell their own story in language sufficiently intelligible.

In regard to the president, Mr. Simpson, it appears he was a direct debtor to the bank in October, 1833, about 70,000. This debt he has been suffered constantly to increase, and at his death he stood indebted on memorandum checks, 7,685.25; for balance of his account overdrawn, 40,742.99, and as promisor on sundry notes, 124,979.55—together, \$173,407.78

On notes discounted for him as endorser, 55,909.34

\$229,317.12

Besides which he is endorser on notes for others, 29,800.65

Making his direct liabilities now outstanding, 259,117.77

The memorandum checks and over-drafts are without security; of the notes \$20,079.55 appear to be on his single promise. There is indeed collateral security taken at different times from 1825 to 1835, of 221

shares in the Commonwealth Insurance Co. of which he was president, and of 117 shares in the Commonwealth Bank—5 shares in the N. E. Crown Glass Co., and in 1836, of 45 shares in the Merrimack River Transportation Co., and in 1837, of 84 shares in the Merrimack County Bank,—but this security, at the very best, entirely inadequate—is now, with the exception of the Merrimack County Bank, of which the committee are ignorant, believed to be of very little value. From June 1833, to March 1835, 22 months, he was suffered to overdraw his account at an average of \$12,000, during that period; and from August 1835, to January 1838, at an average of \$21,000; and this was continually increasing.

The notes of Wm. Hancock, of \$26,364.90, and of Hancock, Holden & Adams, of 26,000, are mentioned by the committee because of their direct connection with Mr. John K. Simpson, the late president of the Bank. The cashier states that Mr. Simpson was formerly connected with Mr. Hancock in business—and when the new firm was formed of Hancock, Holden & Adams, they gave a note to the Commonwealth Bank for 30,000, payable in instalments of \$1000 every two months, which note was guaranteed by Mr. Simpson, and the loan is said to have been made for his benefit; \$5000 has been received on it up to Dec. 1836, and no further payment has been made. The four notes of Wm. Hancock together, 26,364.90, are endorsed by Mr. Simpson, and are believed to be in some way connected with his business. The son of Mr. Simpson also has had loans from the bank to the amount of \$16,769—of which about 12,000 is on his father's endorsement, and about \$5000 is an over-draft of his account, which has been regularly overdrawn for the last twelve months, on an average of \$6000 during that period.

Mr. J. K. Simpson received a salary of \$1500 per annum from the bank, after he became pension agent.

Mr. Simpson appears to have been early a member of a manufacturing establishment in the vicinity—the N. E. Crown Glass Company—he having transferred to the bank 5 shares of its stock as early as 1824, and of which company his friend Mr. Parmenter was agent, and the facilities furnished that company will be seen in a subsequent part of the report. Another transaction also will mark the freedom with which he used the funds of the bank. He was an original subscriber, as the cashier states, for 100 shares of the stock of the Granite Bank; and it not being convenient for him to pay for it, he turned it over to the Commonwealth Bank—who assumed it, and now have so much of their funds invested in that institution. Indeed, as the cashier stated, he had money from the bank when he chose to take it—and he seems to have been limited only by the like liberty exercised by Mr. How and the cashier, as the treasurer of certain associations.

Mr. H. J. How is indebted to the bank both individually and as partner of the late firm of J. & J. How & Co., and How & Jones. In the fall of 1833, there appears to have been due from him or from How & Jones, about \$40,000. Since that time the debt has greatly increased, and when the committee made their examination, there was due from Mr. How by the accounts and papers of the bank, \$54,300.88 on memorandum checks, and \$120,610 on notes discounted for them or one of them, as promisors; and 4,298.01 on notes discounted for them as endorsers; and from Eben Jones \$24,673.14 on memorandum checks; and from Eben Jones & Co. \$10,300, on notes discounted as promisors, and \$4,193.23, as notes discounted for them as endorsers. In the whole \$225,380.14;—and in addition they are liable either jointly or separately as

endorsees for others, in the sum of \$75,680, making an amount of liability for themselves or others about \$300,000—and this is independent, so far as the committee know, of Mr. How's liability on account of his connection with the Warren Association.

In the above items there is no amount stated due on over-drafts, but it appeared to the committee they were allowed to over-draw their accounts, and for the years 1836 and 1837, their average over-draft was equal to \$14,000. On the 12th Jan. last, the sum over-drawn was \$33,686 36, which was that day settled by note, and appears among the memorandum checks. The security held by the bank for these debts are, 8 shares in the Commonwealth Insurance Company, 22 shares in the Methuen Factory—195 shares in the Boston Wharf Company—53 shares in the Mount Washington Association, and 94 shares in the Warren Association, and there is also an attachment on real estate on a note of \$33,945.

The cashier, Mr. Hood, who has held his office from the origin of the bank, appears to be indebted to the bank in \$7,090 25, on memorandum checks, and in \$23,000 for notes discounted for him as promisor, in the whole, \$30,925. He is also an endorser for the accommodation of others, in the sum of \$34,899 09. For two months back, the account of Mr. Hood has not been over-drawn, and on the 13th of Jan. there was a balance to his credit of \$5,088 64. But it appears he has been in the practice of over-drawing his accounts from March 1833 to Nov. 1837, and the average over-draft is near \$6,000. The collateral security for the debt of Mr. Hood, is 50 shares in the Warren Association—49 shares in the Commonwealth Bank, and 30 shares in the Commonwealth Insurance Company. He is also liable to the bank on account of his connection with the Warren Association.

Mr. Otis Rich, one of the acting directors, is a debtor to the bank, in \$21,000 on memorandum checks, \$3,297 21 on over-drafts, and in \$35,220 47 on promissory notes—in the whole \$59,517 68. He is also liable as endorser, for \$15,689 14. Mr. Rich has also been allowed to overdraw his account for the last 6 months, and the average over-draft is \$16,445 73. For the debts due from Mr. Rich the committee are not aware of any other security that the bank have, than Mr. Hood's endorsement, and a mortgage for \$4,426 79, on real estate, on which there are two prior mortgages.

Mr. Oliver Fletcher, another director, is indebted to the bank, on memorandum checks \$3,497 52, and on notes to the amount of \$17,800, all of which appear to be endorsed by Mr. John Henshaw, and though his accounts appear to be over-drawn to the amount of \$184 80, yet, on examination, it is evident, he has never been in the practice of over-drawing his accounts, and he is liable as endorser, in the sum of \$615 only.

Mr. Elisha Parks by himself, or his mercantile firm, is indebted on memorandum checks, \$6,448 32, and for \$565 58 on over-drafts, but a part or the whole of which has since been paid—but on looking at his accounts, and those of his present and former mercantile firm, we are satisfied that they have never been habitually over-drawn.

Mr. Adams Bailey is indebted on a stock note for \$7,500. He appears to have had no other loans from the bank.

Mr. John Henshaw, a director for many years, is indebted to the bank in \$12,983 11 for over-drafts—\$67,400 52 on notes as promisor, and he is liable as endorser on notes, to the amount of \$42,800—and there is a note of his firm for the sum of \$6,000. There is collateral security to the amount of 25 shares

in the Commonwealth Bank, and all his notes are endorsed, but one of \$5,580 52. The firm of Henshaw & Co., have been allowed to over-draw their accounts, and from Jan. 1, 1834 to Feb. 1, 1835, it was over-drawn on the average of about \$16,700 during that period. It began again to be over-drawn in Jan. 1837, and so continued till Jan. 10th, 1838, when the then over-draft of \$12,983 11 was settled by note at 8 months, with his brothers, David Henshaw and Charles Henshaw, as sureties, though the entry does not appear on the books till Jan. 15th. Mr. Henshaw not being a director at the present time, was informed by the committee of the fact of the over-drafts of the account of his house, and he stated to the committee that he could not tell how it would appear by his own books—but that his drafts for collection on distant places had in 1834 and 1836, been very large, and he might often appear to be over-drawn, when those drafts had been paid, but had not been passed to his credit.

Mr. Lewis, a former director of the bank, also appears to be a debtor in the sum of \$13,400 for over-drafts, and \$14,000, for notes discounted for him as promissory, and in \$9,660 as endorsed, for others. Mr. Lewis not being a director at the present time was informed of the fact of his over-draft, and in answer to the enquiry in relation to it, stated that as to \$10,000 of it, in the months of May or June, 1837, he gave collateral security, in 50 shares each of the Commonwealth and Granite Banks, and that the transaction was in fact settled on the 20th of October last, and the bank was paid by moneys obtained from the Savings Institution.

On enquiry into the transaction it appears, that when the larger amount of the money was first drawn out it stood charged on the books because the bank was not willing to swell the discount line—and that in relation to the Savings Institution, the bank on their own credit did borrow of them on the same 20th of October the sum of \$13,000, which they still owe; and that they gave up to Mr. Lewis the bank shares pledged by him, discounted for him 10 notes having from 2½ to 5 years to run from the date, a portion of the time of which had expired—and the promisors of 8 of them living in Louisville, Kentucky;—but these notes were not passed on the books on account of the extent of the loan, till since the meeting of the committee, and Mr. Lewis informs us that he has within a few days, paid \$10,900 of these notes.

The mercantile firm of Mr. Freeman is indebted to the bank about \$7,000—and Mr. Freeman's account appears over-drawn \$433 14, but on examining his account and that of the firm, we find it has never been over-drawn in more than two instances, and then was directly made good.

Mr. Mills appears to be a debtor to the bank for \$1,200—but 1,000 of this has since been paid. Mr. Carruth does not appear to be a debtor to the bank, and the committee repeat, that in regard to the accounts of Messrs. Freeman, Parks, Carruth, Fletcher and Mills, no over-drawing appears that is worthy of the slightest notice, nor in any case is there any evidence of an excess of loan. In respect to the other directors, an interest account has been regularly kept as testified to by the discount clerk, and the interest has been either paid or made part of a new loan. The debts of other individuals or companies, the committee have wished to avoid the mention of—but they are so interwoven with the doings of the bank, that they feel it to be their duty in this detailed report to take notice of them.

The Commonwealth Insurance Company, the largest stockholders in the bank, had a loan of \$50,000 on a memorandum check, on the 15th of October, 1836, on

a pledge of 500 of its shares to the Commonwealth Bank: and on the 22d of September last a further loan on memorandum check of \$44,700, of which \$7,000 has since been paid—these sums of course do not appear on the loans of the bank. For what object these loans were made does not appear, nor are the committees able to judge of their value. There was a balance of deposits standing to the credit of the company on 13th Jan. of \$1,722 70.

The New England Crown Glass Company, of which company Mr. Simpson was a member and Mr. Parmenter the agent, has been permitted to create a debt with the bank of about \$123,000—without security; unless as is believed the stockholders are personally liable, of which \$44,000 is on memorandum checks and \$3,450 on over-drafts and \$75,600 on the company's notes. They have been in the constant practice of over-drawing their account from March, 1835, to the present time, and the average over-draft during that period is \$11,000—one of Mr. Parmenter's checks for the company bears date Feb. 23, 1836, and is for \$14,000—and another December 24, 1836, for \$30,000—which have never appeared as part of the loan of the bank, and on the large check of \$30,000 no interest has ever been paid. On the over-draft account the interest has been paid to March, 1837.

Mr. William Parmenter, a former director, is also indebted to the bank in \$1,221 55 on a memorandum check—\$1,027 77 for an over-draft; and \$13,700 on his promissory notes.

It appears on the examination of his account, that from July, 1836, to April, 1837, his account was regularly over-drawn—the over-draft increasing from \$1,400 to 10,000. To settle this he gave his note in April, 1837, for \$10,000, payable on demand, and in June, 1837, this note was renewed for \$10,000, payable in August, 1838, on his own promise, without endorser or collateral security. His further over-draft for the last seven months has been a little rising \$1000.

In this connection the committee will mention the loan to the Middlesex Bank of \$60,000, made by the Commonwealth Bank in December, 1833, at an interest of 4½ per cent. and which loan still remains due—a portion of this sum the committee have reason to believe, from the statement of the cashier, was loaned again to some of the directors of the Commonwealth Bank, and still remains unpaid. The Commonwealth Bank is also liable for \$25,000 of the Middlesex Bank post notes, pledged by the former, in case of their non-payment; and the Middlesex Bank appears also indebted in \$6,300 on memorandum checks, while a balance stands to its credit on the books of the Commonwealth Bank of \$7,601 92.

The average over-draft of the Nahant Bank from March 1836, to May 1837, was about \$26,000, and the balance of over-draft on the 13th January was \$23,212 25, and on memorandum checks \$752 09.

The Mount Washington Association, the Boston Wharf Company and the Warren Association had their origin it is believed with Mr. How—the two first are incorporated companies and the last is a private association. Mr. How has been the president or principal agent of each company, and Mr. Hood the treasurer of them. Among the memorandum checks are two notes of Hood as treasurer of the Mount Washington Association, one dated November 14, 1835, for \$4,200, and the other November 21, for \$2,800. For these notes there was no security, and the debt remains unpaid. The Boston Wharf Company appear to be indebted on memorandum checks in the sum of \$18,000, and for over-drafts in the sum of \$16,171 97, together \$34,171 97, and the average of their over-drafts for the year 1837 is about \$9,700.

The Warren Association appear to be indebted as

follows—on memorandum checks \$21,200, on over-drafts \$55,134 24, and on their notes, including interest, \$137,000—and the bank have guaranteed or endorsed a note of the Association for \$50,000, for which they are responsible. The average amount of over-drafts for this company for the last 10 months is about \$43,000.

The committee are constrained to believe that these two companies, and especially the Warren Association, have had the same access to the moneys of the bank as though the bank had been their treasurer instead of Mr. Hood, a fact which one would suppose could hardly have escaped the observation of any director who gave the slightest attention to the business of the bank.

In respect to the security to the bank of these debts and of their ultimate payment, the committee can of course express but a doubtful opinion—of the property of the Mount Washington Association they are ignorant, but it is represented by Mr. How and Mr. Hood as abundant to pay all their debts—of the Boston Wharf Company the committee entertain little doubt of their eventual ability to pay the demand of the bank.

When the demands of the bank upon the Warren Association were first exhibited to the committee, they were struck with the magnitude of them, and immediately enquired into the character of the company—whether it was incorporated or not, and what was the nature of their business.

In answer to these enquiries they were informed that it was a private association of individuals, owning a large real estate in South Boston, held by certain gentlemen in trust for the association, and that the concerns of the company were managed by a board of directors. A copy of one of the six notes held by the bank is as follows:

[COPY.]

Boston, 28th November, 1837. For value received the Warren Association by their treasurer promise to pay Charles Hood, treasurer, or order, twenty-five thousand dollars in eight months and interest.
\$25,000.

CHARLES HOOD, Treasurer.

Endorsed, CHARLES HOOD, Treasurer.

A meeting of the directors of the Warren Association was held at the Commonwealth Bank, on Tuesday the 28th day of November, 1837, at 5 o'clock, P. M. pursuant to adjournment.

Voted, That the treasurer be authorized to issue in the name of the Warren Association, a note for twenty-five thousand dollars, payable in eight months from the 28th day of Nov. current with interest.

A true copy from the records,

Attest,

JAMES W. FENNO, Clerk.

To three of said notes the vote of the directors is attached. These notes are renewals of former notes, and though bearing date in November and December last, were not in fact exchanged for the old ones till since the commencement of the session of the committee. The inducement held out to the bank to give such an extension of credit on so large a sum without security, either real or personal, the committee were informed was this, that the former notes were represented as not being binding on the association—whereas these notes if received would be as good as any notes in Boston.

The treasurer of his own accord proposed the exhibiting of the papers of the company to the committee, to satisfy them, as he himself was, of the goodness of the debt—but after repeated attempts to procure them

Warren Association, Nov. 28, 1837, 8	
mos. on interest,	\$25,000 00
" " " " 29, 1837, 10	
mos. on interest,	25,000 00
" " " " 30, 1837, 12	
mos. on interest,	25,000 00
" " " " 27, 1837, 7	
mos. on interest,	25,000 00
" " " " Dec. 1, 1837, 14	
mos. on interest,	30,000 00
" " " " 2, 1837, 16	
mos. on interest,	30,000 00
H. J. How, endorsed How & Jones, Sept. 14, 1835,	11,500 00
J. & H. J. How & Co., May 26, 1834,	7,500 00
N. E. Crown Glass Co's. check, Dec. 24, 1836,	30,000 00
" " " " " " Feb. 23, 1836,	14,000 00

W. Parmenter's note, June 13, 1837, . . .	\$10,000 00
H. J. How, Jan. 15, 1838, . . .	33,495 00
J. Henshaw, endorsed D. & C. Henshaw, Jan. 10, 1838, . . .	13,531 12
	<hr/>
	\$280,026 12

and on the 8th of February, the following vote was passed:—

[Copy.]

February 8, 1838. At a meeting of the Directors this day:

Present—Freeman, Carruth, Rich, How, Fletcher and Hood.

Voted, That the cashier be authorized and directed to take back from D. Henshaw and S. S. Lewis the memorandum checks of the N. E. C. Glass Co., amounting to \$44,000, mentioned in the schedule, and give in lieu thereof an assignment of a judgment against said glass co. for \$36,970 12, also the following promissory paper, to wit: a note signed by John Henshaw as principal, and D. & C. Henshaw as sureties, for \$12,372 62.

Which notes have accordingly been delivered to the persons named in the vote and receipted for by them—so that the notes of the Warren Association have passed directly into the hands of some of the leading associates, and other notes of the debtors of the bank, into the hands of the debtors themselves, some of whom, from the details exhibited, have had from the bank on loan, the very moneys deposited by the government. In answer to an enquiry when these notes were to be collected, the cashier stated that they had been handed over to the United States marshal—but whether endorsed or not, or what disposition would be made of them he did not appear to know.

Since the suspension of specie payments in the country, the moneys paid by the bank on account of the United States government, have been paid in their own bills, and in treasury notes when they had them, if required. But it was stated to the committee that they received no treasury notes in the year 1837, till the month of December, and then only \$14,022,—a part of which were sold for account of the bank, on the 9th of January; also they received from the collector \$65,200 in treasury notes, a part of which they paid out or sold, and the balance, \$43,350, was taken back by the collector, or deputy collector, on the 11th of the same month.

Special deposits in specie, however, have been made by government officers, and returned in specie.

Among the balances on the books of the bank, there appeared this item, "Stock Commonwealth Insurance Company \$9,450." On being called on for an explanation, the cashier stated that certain loans had formerly been made, on the pledge of shares in the Commonwealth Insurance Company, to individuals who had failed—and in October, 1835, the bank had assumed the stock to the amount of 150 shares—the cost of which had been reduced by carrying two dividends to the credit of that account, so that they now stood charged to the bank at \$9,450.

In examining the teller's checks, the committee found four checks signed "Charles Hood, Cashier,"—two of which amounted to \$9,246 50. They called on the cashier to know how those checks were assets to meet the liabilities of the bank.

In answer to this enquiry he stated, that in April last, the bank being in want of funds, he pressed Messrs. Simpson & How to reduce their debts. They said it would be difficult to raise money, and they thought it better for the bank to raise it. This was talked over a few days; and the plan agreed upon was, for the bank to raise the money by a sale of post notes,

and that the loss sustained by the bank in the negotiation should be apportioned among the larger debtors to the bank, who could not pay when called upon. The board was then called together; the subject laid before them, and the following vote was passed—

"At a meeting of the directors, Tuesday, April 25th, 1837, present How, Fletcher, Carruth, Lewis, Hood, Rich, Freeman,—Voted, that it is expedient in the present state of the finances of the bank, to issue post notes for the advantage of the customers of the bank, to an amount not exceeding one hundred and twenty-five thousand dollars.

"Voted, That How, Lewis and Hood, be a committee to arrange the same."

In pursuance of this vote, post notes to the amount of \$65,000, were issued, and of which \$11,500 are now outstanding. This transaction cost the bank \$9,246 50. But the committee have never met to apportion the loss upon the debtors of the bank, though Mr. Hood says he has pressed Mr. Lewis and Mr. How at least three different times to have it done. Mr. How and Mr. Lewis on being questioned, do not appear to remember that they were on the committee—and Mr. Carruth, Mr. Rich and Mr. Freeman, have no recollection of the apportionment. As the matter now stands, this loss falls upon the bank, and the customers, who have the advantage of it need not be otherwise designated by the committee, than that they are to be found among those who have managed the institution.

Another mode also was practised by the managers of the bank.

When its stock was sold in the market, they occasionally became purchasers for account of the bank to sustain its credit. And since September last, one hundred and thirty shares have been thus purchased for the bank, at a loss of \$12,467 75, or at about 96 per cent.

The bills of the Commonwealth Bank issued since October 1, 1837, amount to \$65,000, and the committee are assured by the cashier and the officers of the bank, that all the issues of the bills have been entered on the books of the bank, and the committee see no cause to doubt the accuracy of the statement. On the 13th of January last, the amount of bills in circulation was \$358,952. On the morning of the 8th Feb. the circulation was \$306,851. The directors having received their bills in payment of notes or debts due to the bank, whether the notes had come to maturity or not. The committee would again observe, that their data are all based upon the state of the bank on the close of the business of the 13th of January, and of the subsequent changes in its affairs they have necessarily but an imperfect knowledge, though in their opinion, such changes cannot greatly affect the final result.

When the directors first knew that they must suspend their operations is unknown to the committee, but probably the large majority of them were ignorant of their near approach to the outbreak, nor were sensible of the strength of the current that was sweeping them along.

But as coming events cast their shadows before them, so the renewal of the notes of Mr. How and of Mr. Henshaw on the 9th and 10th of January, to make no allusion to those of the Warren Association—mark very clearly their sense of the danger—and Mr. How acknowledged that one of the motives in doing it, was his apprehension that the bank must suspend. A meeting of a few of the directors and their friends, was held in the evening of the 10th January, when no plans for relief being suggested, it became necessary at the termination of business on the 11th of January, to close the doors of the bank.

After the examination into the doings of the Com-

monwealth Bank, in consequence of its suspension, many enquiries may be made as to the eventual ability of the bank to provide for its engagements and to make a dividend among its stockholders. But upon this subject the committee are bound to speak with hesitation, as well from their imperfect knowledge of the value of most of the assets, as from the pecuniary difficulties of the present day; nor is it under any circumstances an enviable office, to put an estimate upon the actual credits of individuals, where doubts exist of their solvency. It is to be observed that the loans of the bank are accumulated in masses—its notes are accommodation paper—extended at the pleasure of the borrowers. The committee are of opinion, however, that if judicious persons are entrusted with the assets of the bank, and with full power to wind up its affairs, either sooner or later, as they judge best, creditors may calculate on receiving 75 per cent. of their debts. But the resources of the bank are of such a nature, that the bill holders who are not debtors to the bank cannot expect immediate payment, and consequently if the bills are thrown into the market, they must sell at a discount. But this opinion may be quite fallacious, and from the data presented, other persons may be able to arrive at more sound conclusions. In the value of the assets as estimated by your committee, it will readily be perceived that they esteem the stock of the bank of no value. That this conclusion is just, may well be inferred from the conduct of many of its stockholders; for upon inspection of the transfer books, it appears that Wm. Freeman, Elihu Parke, Adams Bailey, F. S. Carruth, Samuel S. Lewis, John Henshaw, and David Henshaw, have within a few days, actually disposed of the whole or the greater part of their shares.

In speaking of the directors of this corporation by name, or of other persons connected with them, the committee feel bound to repeat that they have done it with pain, and have only done it in the discharge of their duty. And they would again observe that there is a manifest difference in the conduct of different directors; but they feel constrained to say, that while some of them have taken the lead in the disposal of the funds of the bank and of its depositors, others have either wilfully closed their eyes at these doings, or have been greatly negligent in the discharge of the duties of their office. Mr. Parke, in a communication made by him to the stockholders, January 30th, in which he resigns the office of director, filled by him from the origin of the bank, says—"as I have never, since 1831, held or been interested in but a single share in the bank, I felt that the stockholders ought to place in my stead a person who had more interest in the institution, and would better represent the interest of the stockholders in the direction." The stockholders may well regret that he did not come to this conclusion long ago, when there was some interest left to represent. In respect to Mr. Mills, the district attorney, who has been in the direction for a little more than two years past, it should be said he accepted his seat with the understanding that he would not be required to attend the regular meetings of the board—but only to act as their counsellor in cases where advice might be required; and the committee are entirely satisfied that he has been ignorant of the extent of the loans, and of the manner in which they have been made; and they cheerfully bear testimony to his frank and honorable course during the whole examination. Mr. Adams Bailey also, has taken no active part in the management of the bank, so far as it appears to the committee. The committee will also say a word in regard to Mr. Hood, the cashier. While they feel that he, with others, must bear the burden of the mismanagement of this institution, yet they believe that

he has often yielded to the pressing importunity of one or two directors, where his own judgment would have dictated a contrary course, and though a large debtor to the bank, that he has forgone the opportunities afforded him equally with others, of greatly increasing his private debt.

As citizens of Massachusetts, the ancient and honourable commonwealth, the committee feel the mortification of presenting to the view of the legislature, the gloomy picture of a ruined bank! With solid capital, substantial friends, and equal advantages with kindred institutions, all is gone! Its capital wasted, its friends abused, its associates fled. No one so poor to do it reverence.

The charter of the Commonwealth Bank was continued by the act of 1830, ch. 58, until the 1st day of October, 1851, and was made subject to the liabilities and requirements of the act of 1828, ch. 96.

In closing their report, the committee present as the joint conclusions from the facts presented—

That the directors of this bank have infringed its charter in the amount of its loans.

That these loans have been concealed by purposely confounding the resources and the liabilities of the bank.

That a number of the acting directors, by their own showing, have remained grossly ignorant of the affairs of the institution, and have permitted the cashier and two or three directors to dispose of the moneys of the bank at their pleasure.

That the loans thus controlled have been made to the directors themselves, or some of them and their associates, to a much greater extent than the capital of the bank itself.

That instead of making sacrifices themselves to provide for their just debts to the bank, as they from time to time fell due, they have continued or extended their own loans, and this to the entire sacrifice of the property of innocent stockholders.

DOMESTIC INTELLIGENCE.

GREAT SALE OF MORUS MULTICAULIS TREES.—At the auction sale in Baltimore on the 4th instant, above 120,000 Chinese *Morus Multicaulis* trees were sold, at prices varying from 20 to 22 cents per foot, measuring to the utmost extremity, and counting the roots also. This amounts to \$1.21 for each tree of five feet in height. So great is the demand, that it is proposed to have another large sale at that place. The auction sale at Germantown, Pa., was attended by an immense concourse, and the trees sold for above 20 cents per foot. The silk culture promises so abundant a harvest to those who engage in it, that the demand for trees from every section of the Union is far greater than the supply, and if the whole crop of the ensuing season were now ready for sale, it would be easy to find purchasers. At Burlington, N. J., where they have extensive cocooneries, a sale of 2439 trees was made a few days since, by Mr. Gummere, for \$2,500, and another of a thousand select trees for \$3000, being two dollars each.

SALARIES OF GOVERNORS.—The salary of the governor of Louisiana, is \$7,500; that of the governors of New York and Pennsylvania, \$4,000; of the governor of Massachusetts, \$3,666; of the governor of South Carolina, \$3,500; of the governor of Virginia, \$3,333; of Georgia, \$3,000; of Maryland, \$2,666; of Mississippi and Kentucky, \$2,500; of New Jersey, North Carolina, Alabama and Tennessee, \$2,000 each; Maine and Missouri, \$1,500 each; Delaware, \$1,333; Ohio, \$1,200;

Connecticut, \$1,100; New Hampshire, \$1000; Indiana \$1000; Illinois, \$1000; Vermont, \$750; Rhode Island \$400.

Office of the Examiner, Mobile, Oct. 9.

Already has the restoration of confidence in our banks and merchants been displayed, by the rapid decline of exchange on northern cities, and the course now pursued by northern creditors. Exchange on New York can with difficulty be sold in this market, remittances being almost all made in certificates of deposit, which are held at the north in anticipation of a still further decline of exchange. The New York city banks take these on a deposits for discounts made, so that the merchant can have the use of the money, and still hold his certificate until he can dispose of it to advantage.

PRICES OF UNCURRENT MONEY, Boston, Oct. 3.

MAINE.

Bangor Commercial Bank, Bangor	3	pr. ct. dis.
Lafayette do. do.	3	do.
Globe do. do.	3	do.
Frankfort do. Frankfort,	3	do.
Still Water Canal do. Orono,	6	do.
Old Town do. do.	no sale.	
Calaix do. Calaix,	6	do.
St. Croix do. do.	6	do.
Washington county do. do.	6	do.
Agricultural do. Brewer,	5	do.
Westbrook do. Westbrook,	3	do.
Georgia Lumber Co. do. Portland,	10	do.

NEW HAMPSHIRE.

Wolfeborough Bank, Wolfeborough,	4	do.
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MASSACHUSETTS.

Commonwealth Bank, Boston,	30	do.
Fulton do. do.	30	do.
Kilby do. do.	10	do.
Middlesex do. Cambridge,	10	do.
Norfolk do. Roxbury,	12½	do.
Roxbury do. do.	no sale.	
Far. & Mech's do. South Adams,	6	do.
Nahant do. Lynn,	55	do.
Chelsea do. Chelsea,	75	do.

VERMONT.

St. Albans Bank, St. Albans,	2	do.
Manchester do. Manchester,	2	do.
Essex do. Guildhall,	10	do.
Windsor do. Windsor	80	do.

SALES OF STOCK AT PHILADELPHIA.

October 29.

6 shares Mechanics' Bank, C. & P.	55	35
150 " Kentucky Bank,	88	100
50 " " 20 days a. o.	88	
19 " Northern Bank, Ky. full,	95½	100
50 " Vicksburg Bank,	76½	100
10 " Lehigh Coal,	93	50

SALES OF STOCK AT NEW YORK.

October 27.

77 shares U. S. Bank,	130½	
720 " Del. and Hudson Canal,	71	71½
150 " Kentucky Bank,	87½	
50 " Vicksburg Bank,	77	
138 " Ohio Life and Trust,	105½	
40 " Mohawk Railroad,	64½	
100 " Patterson Railroad,	55	

250 shares Harlem Railroad,	54½	54½
160 " Boston & Providence R.R.,	102½	103
20 " Stonington Railroad,	43	
125 " N. J. Railroad & T. Co.	101½	102

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

October 27.

Bills on London, 60 days sight, 9¼ a 9½	p. cent. prem.
" France, " 5 20 a — fr. p. doll.	
" Holland, " 40½ a 41	cts. p. guilder.
" Hamburg, " 36 a 36½	cts. p. mc. ba.
" Bremen, " 80 a 80½	cts. p. rix doll.
" Boston, at sight, par a ½	discount.
" Philadelphia, " ½ a ½	do.
" Baltimore, " ½ a ½	do.
" Richmond, " 1 a 1½	do.
" N. Carolina, " 3½ a 4½	do.
" Charleston, " 1½ a 2½	do.
" Savannah, " 1½ a 2	do.
" Augusta, " 1½ a 2	do.
" Mobile, " 4½ a 5	do.
" New Orleans, " 1½ a 2	do.
" Louisville, " 2 a 2½	do.
" Nashville, " 5 a 5½	do.
" Natchez, " 6 a 6½	do.
" St. Louis, " 2½ a 3½	do.
" Cincinnati, " 1½ a 2½	do.
" Michigan, " 10 a 12	do.
" Detroit, " 4 a 5	do.
American gold, 7	premium.
do. new coinage, par a ½	do.
Spanish dollars, 2½ a 3½	do.
Carolus do. 6 a 7	do.
Mexican dollars, 1 a 1½	do.
Half dollars, par a ½	
Five-franc pieces, 94½ a 94½	cents each.
Doublons, \$16 50 a \$16 60	do.
do. patriot, 15 60 a 15 68	do.
Sovereigns, \$4 85	each.

WEDNESDAY, OCTOBER 31, 1838.

To SUBSCRIBERS.—The resumption of specie payments by most of the banks in the United States, and the probability that by the first of January next, all the rest will have followed the example, renders it quite certain that sufficient support for this publication cannot be relied upon after that period, and the publisher therefore gives notice, that after the completion of the present volume on the last Wednesday of December next, the work will be discontinued. Non-resident subscribers who have not paid for the current volume are respectfully requested to remit as before. Those who reside in Philadelphia, New York, Boston, and Baltimore, will be called upon. Both volumes can be supplied to new subscribers on the payment of five dollars.

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

Subscriptions received by

Weeks, Jordan & Co. Boston;
Wm. Burns, 203 Broadway, New York;
Nathan Hickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations of sounds, but for the intrinsic value."—Locke on Money.

VOL. II.

WEDNESDAY, NOVEMBER 7, 1838.

No. 19.

COLLECTION OF THE PUBLIC REVENUE.

IN SENATE OF THE UNITED STATES,
MAY 16, 1838.

Mr. WRIGHT submitted the following
REPORT.

The Committee on Finance, to which was committed, on the 2d instant, the joint resolution "relating to the public revenue and dues to the government," in the following words: "Resolved, by the Senate and House of Representatives of the United States of America in Congress assembled, That no discrimination shall be made as to the currency or medium of payment in the several branches of the public revenue, or in debts or dues to the government; and that, until otherwise ordered by congress, the notes of sound banks, which are payable and paid on demand in the legal currency of the United States, under suitable restrictions, to be forthwith prescribed and promulgated by the secretary of the treasury, shall be received in payment of the revenue and of debts and dues to the government, and shall be subsequently disbursed, in a course of public expenditure, to all public creditors who are willing to receive them," respectfully submit the following report:

The resolution has three distinct objects: first, to prohibit any discrimination in "the currency or medium of payment" in which all public dues shall be collected and received; second, to establish, by the force of law, that "currency or medium of payment" to be "the notes of sound banks, which are payable and paid on demand in the legal currency of the United States;" third, to compel the disbursement of those bank notes "to all public creditors who are willing to receive them." The various parts of it, therefore, relating to these several objects, will be considered in the order they hold in the resolution.

The first clause, prohibiting discrimination in the currency, or medium of payment, for the public dues, is in these words:

"That no discrimination shall be made, as to the currency or medium of payment in the several branches of the public revenue, or in debts or dues to the government."

In so far as any public interest may be supposed to be involved in the action of the senate upon this branch of the resolution, it would seem to the committee to be sufficient to say that this body has already adopted, and sent to the house of representatives, as a part of a law, a provision supposed to have the same general object, though not in the form here presented. The journal of the senate shows that, on the 24th day of March last, a bill entitled "An act to impose additional duties, as depositaries, upon certain public officers, to appoint receivers general of public money, and to re-

gulate the safe keeping, transfer, and disbursement of the public moneys of the United States," being under consideration, an amendment, to stand as the twenty-third section of that bill, was offered in the words following, viz:

"SECT. 23. And be it further enacted, That it shall not be lawful for the secretary of the treasury to make, or to continue in force, any general order which shall create any difference between the different branches of revenue, as to the funds or medium of payment, in which debts or dues accruing to the United States may be paid."

The same journal shows that this amendment, as here given, was, on the same day, adopted by the senate, by a very strong vote, was thus made a part of the bill to which it was proposed as an amendment, and that the bill, including this amendment as its 23d section, finally passed the senate on the 26th day of March last, and was sent to the house of representatives, with a request that that house would concur therein.

That these provisions are similar in the influence proposed to be exerted upon the currency of the public treasury, in the object proposed to be accomplished, will not be questioned; and that a large majority of the senate are favourable to the principle embraced in both, is proved by the references to the senate journal, which have just been made. With this evidence before them, the committee would not consider it proper in them, were they otherwise disposed to do so, to offer arguments against this strongly expressed opinion of the body; but, when the principle has been adopted, when it has been put in form, and made a part of a law, and when the senate has, in this manner, done all it can do, without the action of the other legislative branches of the government, to make it a part of the law of the land, they would not feel excusable in omitting to bring this fact to its notice, nor can they believe that doing so will be construed into a disposition to resist its ascertained sense and feeling.

The necessity for this legislation has been referred, in the debates in the senate, and elsewhere, to the existence of the treasury order of the 11th of July, 1836, making a discrimination between the currency, or medium of payment, to be received for the public lands and that to be received in other branches of the public revenue, and for other dues to the government. This order is believed by the committee to have been the first and only discrimination, by the order of the treasury department, made either permanent or general, as to the currency, or medium of payment, receivable between the different branches of the public revenue; and hence, no doubt, the order has engrossed attention, and its repeal has been considered the sole object and purpose of the provision under consideration.

As, however, the reference calls upon the committee for a careful examination of the laws in any way affecting the currency of the public treasury, and any

medium of payment, made receivable by law, in any branch of the public revenue, and as the legislation in relation to the public lands is found to contain various and important provisions relative to the media of payment in this branch of the revenue, they have considered it proper to review those laws under this head, and to see how far any of their provisions may be material to this part of the enquiry.

The first general law to regulate the sale of the public lands which has met the notice of the committee, is an act passed on the 18th day of May, 1796, entitled "An act providing for the sale of the lands of the United States in the territory northwest of the river Ohio, and above the mouth of the Kentucky river." This act fixed the price of the public lands at two dollars per acre, but did not specify the currency, or medium of payment, in which purchases were to be made. The law of 1789, therefore, which required all payments derivable from the customs to be made in gold and silver coin, and the 10th section of the charter of the old Bank of the United States, passed in 1791, which declared that the bills, or notes, of the corporation, payable on demand, in gold and silver coin, should be receivable in all payments to the United States, must, as the committee suppose, have been held to prescribe the currency, or medium of payment, for the public domain, as well as other public uses.

On the 3d of March, 1797, another act was passed, entitled "An act to authorize the receipt of evidences of the public debt in payment for the lands of the United States." This act provided "that the evidences of the public debt of the United States, should be receivable in payment for any of the lands which might be sold in conformity to the act entitled 'An act providing for the sale of the lands of the United States in the territory northwest of the Ohio river, and above the mouth of the Kentucky river,'" being the act of 1796, last above referred to. Here, then, evidences of the public debt were added to gold and silver coin, and the bills and notes of the Bank of the United States, payable on demand in gold and silver coin, as the currency, or media, in which payment might be made for the public lands.

The next act which seems to be material to this point, was passed on the 10th day of May, 1800, and was entitled "An act to amend the act entitled 'An act providing for the sale of the lands of the United States in the territory northwest of the Ohio, and above the mouth of Kentucky river.'" This act provided for the establishment of land offices within the land districts; for the appointment of registers of the land offices and of receivers of public money for lands; for the sale of the lands within the land districts, both at public and private sale, and in sections and half sections; and in many other respects established what is the present land system of the United States. The first clause of the 5th section of this act is in the following words:

"SECT. 5. And be it further enacted, That no lands shall be sold by virtue of this act, at either public or private sale, for less than two dollars per acre, and payment may be made for the same by all purchasers, either in specie, or in evidences of the public debt of the United States, at the rates prescribed by the act entitled 'An act to authorize the receipt of evidences of the public debt in payment for the lands of the United States.'"

Here is a new enumeration of the currency, or medium, in which payments were to be made for the public lands, and which does not include the bills, or notes, of banks of any description. It is confined to "specie"

or "evidences of the public debt of the United States." If, therefore, any other medium of payment was received while this continued to be the law of the case, it must have been so received, as the committee suppose, upon the responsibility, and at the risk, of the officer receiving the payment, and not because it was sanctioned by the law.

On the 15th of April, 1806, an act was passed entitled "An act to repeal so much of any act, or acts, as authorise the receipt of evidences of the public debt in payment for lands of the United States; and for other purposes relative to the public debt." The first clause of the first section of this act is in the words following:

"SECT. 1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That so much of any act, or acts, as authorise the receipt of evidences of the public debt, in payment for the lands of the United States, shall, from and after the thirtieth day of April, one thousand eight hundred and six, be repealed."

The section proceeds with two provisos, saving the rights of persons who had purchased lands, with the right to make the payments therefor in evidences of the public debt, prior to the passage of the act, and holding out inducements to those indebted for lands to make the payments in advance, and in money, but in no way affecting the repeal above quoted. After the 30th day of April, 1806, therefore, with the exception as to purchases which had been previously made, evidences of the public debt of the United States were not a medium in which payments for the public lands could be made, but the law of 1800, above referred to, with this modification, continued to be the law regulating these payments. If, then, the committee have been correct in their construction of that law, and its influence upon the currency, or medium of payment, for the public lands, this modification reduced that currency, or medium, to "specie" only.

No farther change is found to have been made in the laws, in this respect, until the year 1812. On the 30th day of June, of that year, a law was passed, entitled "An act to authorize the issuing of treasury notes." The first clause of the sixth section of that act is in the following words:

SECT. 6. And be it further enacted, That the said treasury notes, wherever made payable, shall be every where received in payment of all duties and taxes laid by the authority of the United States, and of all public lands sold by the said authority."

This law added a new medium of payment for the public lands, to wit: treasury notes, issued by the government itself, and for the payment of which, with the interest thereupon, its faith was solemnly pledged. From this time, therefore, the public lands might be paid for in either "specie" or "treasury notes," and it was at the option of the purchaser, by the law, to make his payments in the one or the other medium, as his interest, or convenience, or piosure, should dictate.

On the 25th day of February, 1813, another law was passed "to authorize the issuing of treasury notes for the service of the year one thousand eight hundred and thirteen," and, on the 4th day of March, 1814, another similar law was passed "to authorize the issuing of treasury notes for the service of the year one thousand eight hundred and fourteen," both of which last mentioned laws contained a provision precisely similar, in substance and in terms, to that above quoted from the law of 1812.

On the 31st day of March, 1814, an act was passed, entitled "An act providing for the indemnification of

certain claimants of public lands in the Mississippi territory." By this act the President of the United States was directed to cause to be issued, from the treasury, certificates of stock to certain claimants to lands under "the Upper Mississippi Company," under "the Tennessee Company," under "the Georgia Mississippi Company," under "the Georgia Company," and under "Citizens' rights," so called, for amounts and upon conditions prescribed in the act: and the fourth section of the act is in the following words:

"**SECT. 4.** And be it further enacted, That the said certificates of stock shall be receivable in payment of the public lands, to be sold after the date of such certificates, in the Mississippi territory: Provided, That on every hundred dollars to be paid for such lands, ninety-five dollars shall be receivable in such certificates, and five dollars in cash: Provided, That no person or persons, making payment for lands in certificates authorised to be issued by this act, shall be entitled to the discount for prompt payment now allowed by law to purchasers of public lands."

Here was a new medium of payment for public lands in the Mississippi territory, which authorised purchasers of lands from the United States, there subject to the limitations of the act, to make payment either in "specie," or in "treasury notes," or in these "certificates of stock," subsequently more familiarly known as "Mississippi land scrip." In relation to all the public lands, other than those in the Mississippi territory, as it then existed, the currency, or medium, in which payments were to be made, was left unchanged, and continued to be regulated by the laws before referred to, and to be "specie" or "treasury notes."

By an act, passed on the 26th day of December, 1814, entitled "An act supplemental to the acts authorising a loan for the several sums of twenty-five millions of dollars and three millions of dollars," a further emission of treasury notes was authorised to the amount of ten and a half millions of dollars, and the following is a copy of the first clause of the third section of the act.

"**SECT. 3.** And be it further enacted, That the treasury notes to be issued by virtue of this act, shall be prepared, signed, and issued, in the like form and manner; shall be reimbursable at the same places, and in the like periods; shall bear the same rate of interest; shall, in the like manner, be transferable; and shall be equally receivable, in payments to the United States, for taxes, duties, and sales of the public lands, as the treasury notes issued by virtue of the act of congress, entitled 'An act to authorise the issuing of treasury notes for the service of the year one thousand eight hundred and fourteen,' passed on the fourth day of March, in the year aforesaid."

On the 24th day of February, 1815, a further act was passed, entitled "An act to authorise the issuing of treasury notes for the service of the year one thousand eight hundred and fifteen," the first clause of the sixth section of which is in the words following:

"**SECT. 6.** And be it further enacted, That the treasury notes, authorised to be issued by this act, shall be every where receivable in all payments to the United States."

Neither of the two last mentioned acts made any change in the character of the currency, or medium of payment, authorised by law to be received for the public lands, at the time of their passage, but merely added to the quantity of that medium which rested upon the faith and credit of the government. Still, therefore,

"specie" and "treasury notes" were receivable for all lands, wherever situated, and "specie," "treasury notes," and "Mississippi land scrip," for that portion of the public lands situate within the Mississippi territory.

This brings the examination, in point of time, up to the charter of the second Bank of the United States, in 1816; and it may be proper here to remark, that, in case the committee have been mistaken as to the force, effect, and true construction of the act of the 10th of May, 1800, and that act did not exclude the bills and notes of the old Bank of the United States from being a legal medium for the payment for lands, still, inasmuch as the charter of that bank expired on the 3d day of March, 1811, by its own limitation, and as the 10th section of the charter, which made its bills and notes receivable for any description of public dues, was repealed on the 19th day of March, 1812, by an act of congress passed for that sole purpose, it will be seen that this difference of construction of the act of 1800, if admitted, will only affect the currency, or medium, in which the public lands might be paid for, up to the 3d of March, 1811, or, at most, up to the 19th of March, 1812, when that bank had ceased to exist as a bank, and its bills and notes to be receivable by law for any portion of the public dues. At the period of time of which the committee now speak, therefore, the currency or media, made receivable by law in payment for the public lands, was as last above mentioned.

The act to charter the late Bank of the United States was passed on the 10th day of April, 1816, and the 14th section of that charter made the bills and notes of the bank, payable on demand, receivable in all payments to the United States, "unless otherwise directed by act of Congress." This added to the currency receivable by law in payment for the public lands a new medium, to wit: the bills, or notes, payable on demand, of the late bank of the United States.

The joint resolution of 1816, followed but twenty days behind the bank charter, it having been passed, and met the approval of the President on the 30th day of April, 1816. That resolution required and directed the secretary of the treasury to adopt such measures as he should deem necessary to cause, as soon as might be, all duties, taxes, debts, or sums of money becoming due to the United States, to be collected and paid, "in the legal currency of the United States, or treasury notes, or notes of the Bank of the United States, as by law provided and declared, or in notes of banks which are payable and paid on demand, in the said legal currency of the United States." The resolution went on to declare that, after the 20th day of February, 1817, no duties, taxes, debts, or sums of money, payable to the United States, ought to be collected or received otherwise than in the currency, or media of payment, before enumerated. Here was unquestionably given a permission to receive in payment of any portion of the public dues, and consequently in payment for the public lands as well as other dues, the notes of specie-paying state banks, and it is the first permission of that character which has met the notice of the committee in any of the acts of congress. They are aware that some consider this resolution as mandatory, rendering the reception of these notes obligatory upon the head of the treasury department, but they do not so consider it. It is not their purpose, however, to discuss this question here, as that discussion pertains, more appropriately, to the second branch of the resolution referred to them. Under either construction, the resolution of 1816 made it lawful to receive a new medium of payment for the public lands in "the notes of banks payable and paid on demand in the legal currency of the United States."

From this time, therefore, the officers of the government were compelled to receive in payment for all public lands, "specie," treasury notes, "the bills or notes of the Bank of the United States payable on demand," and were also permitted to receive the notes of other banks "which were payable and paid on demand in the legal currency of the United States;" and, in addition to these media of payment, they were compelled to receive "Mississippi land scrip" for lands sold in the Mississippi territory.

Thus remained the law upon this subject until the passage of the act of the 24th of April, 1830, entitled "An act making further provision for the sale of the public lands." This law abolished credits upon sales of public lands, from and after the first day of July, 1830, and declared that every purchaser of land sold at public sale thereafter shall, on the day of purchase, make complete payment therefor; and the purchaser at private sale shall produce to the register of the land office a receipt from the treasurer of the United States or from the receiver of public moneys of the district for the amount of the purchase money on any tract, before he shall enter the same at the land office."

The fourth section of the act makes provision for the sale of such lands as had been sold under former laws, and had reverted, or should thereafter revert, to the United States in consequence of the non-payment of the purchase money, and also of lots and tracts therefore reserved from sale; and contains a proviso in the following words:

"Provided, That no such lands shall be sold at any public sales hereby authorized, for a less price than one dollar and twenty-five cents an acre, nor on any other terms than that of cash payment; and all the lands offered at such public sales, and which shall remain unsold at the close thereof, shall be subject to entry at private sale, in the same manner, and at the same price, with the other lands sold at private sale at the respective land offices."

Although the terms of this law, and especially those employed in the proviso above quoted, "*nor on any other terms than that of cash payment*," would seem to favour the idea that it was the intention of Congress, from and after the day fixed in the law, to part with the public domain for "cash," for money only, in the strict and proper sense of the word; and although the policy of the law, in the abolition of all credits and the great reduction of the price of the lands, from two dollars to one dollar and twenty-five cents per acre, would seem to have the same bearing; and although the committee infer, from the lapse of time and the returns of sales, that the treasury notes and Mississippi land scrip had ceased, in a great degree, if not altogether, to be presented in payment for lands; yet as they learn that no change as to the currency, or medium of payment, was introduced into practice in consequence of the passage of this act, they are content to assume, for the purpose of the argument, that no change, in this respect, was intended by it, while it certainly will not be contended that it is susceptible of any construction which can add to the media of payment authorized by former acts of Congress, or make the receipt of any such medium compulsory, which before its passage was merely permissive.

The committee find no other law affecting the currency, or medium of payment, to be received for the public lands, until the passage of the act of the 30th day of May, 1836, entitled "An act for the relief of certain officers and soldiers of the Virginia line and navy, and of the continental army during the revolutionary war." The first section of this act makes it the duty of the secretary of the treasury, and commissioner of the general land office, to issue certificates,

or scrip, to certain officers, soldiers, sailors, and marines, who were in the service of Virginia, on her state establishment, during the revolutionary war, and who by the laws and resolutions of the state were entitled to military land bounties, upon the terms and conditions pointed out in the act. The first clause of the fourth section of the act is in the following words:

"SECT. 4. And be it further enacted, That the certificates, or scrip, to be issued by virtue of this act, shall be receivable in payment for any lands hereafter to be purchased, at private sale, after the same shall have been offered at public sale, and shall remain unsold at any of the land offices of the United States, established, or to be established, in the states of Ohio, Indiana, and Illinois."

The sixth section of this act is in the words following:

"SECT. 6. And be it further enacted, That the provisions of the first and fourth sections of this act shall extend to, and embrace, owners of military land warrants issued by the United States in satisfaction of claims for bounty land for services during the revolutionary war; and that the laws, heretofore enacted, providing for the issuing said warrants, are hereby revived and continued in force for two years."

The first clause of the seventh section is as follows:

"SEC. 7. And be it further enacted, That the provisions of this act shall also be deemed, and taken, to extend to all the unsatisfied warrants of the Virginia army on continental establishment."

These provisions added another medium of payment for the public lands in what has been commonly denominated "the Virginia land scrip," subject to limitations expressed.

On the 3d day of March, 1836, the charter of the first Bank of the United States expired by its own limitation, and the institution, for banking purposes, ceased to exist on that day; and, by a law of Congress passed on the 15th day of June, 1836, the 14th section of the charter, making its bills and notes receivable in payment of the public dues, was repealed.

This is believed to have been the exact state of the law in reference to the currency, or media of payment, receivable for the public lands at the time when the treasury circular of the 11th of July, 1836, was issued.

Prior to this date, the committee suppose the law of the 31st of March, 1814, making the Mississippi land scrip receivable in payment for public lands in the Mississippi territory, had become obsolete by the entire receipt and cancelling of the stock issued; and it is a matter of public notoriety that the treasury notes authorized to be issued by the several laws referred to, of 1812, 1813, 1814, and 1815, had been, long before, so far wholly redeemed and cancelled as to render those laws, for every purpose of this enquiry, also obsolete. The currency, or media of payment, receivable for the public lands, therefore, at the date of this order, had become reduced by the repeal of laws, the expiration of laws, and the extinguishment of public liabilities, to "specie" and "Virginia land scrip," the receipt of which was compulsory, and "notes of banks which were payable, and paid on demand, in the legal currency of the United States," the receipt of which was merely permissive. The circular acted upon the bank notes merely, and was, in effect, a direction to the receivers of public moneys for lands not to use the permission granted by the joint resolution of 1816, as to bank notes, so far as the payments for lands were concerned. This suspended the receipt of the notes in this branch of the revenue, and left the payments for lands to be made in specie and Virginia land scrip.

The reasons which prevailed upon the mind of the then President of the United States to direct the circular to be issued, are given in the paper itself. It recites, in substance, that complaints had been made of extensive frauds, practised in the sales of the public lands; of vast speculations in those lands, under the system of sale and payment then in use; of alarming attempts to monopolise large tracts of the lands in the hands of individual and associated proprietors; of the aid given to effect all these objects, by excessive bank credits, by dangerous, if not partial facilities, through bank drafts and bank deposits; of the general evil influence likely to result to the public interests by these proceedings; of the danger to the public treasury from this rapid accumulation of bank credits, in lieu of money, in its favour, as well as the danger to the currency of the country generally, from the unprecedented expansion of credits, and the further exchange of the public domain for credits in bank, or bank paper. Then follows the mandatory part of the circular, in these words:—

"The President of the United States has given directions, and you are hereby instructed, after the 15th day of August next, to receive in payment of the public lands, nothing except what is directed by the existing laws, viz. gold and silver, and, in the proper cases, Virginia land scrip: *Provided*, That till the 15th of December next, the same indulgences heretofore extended, as to the kind of money received, may be continued for any quantity of land not exceeding 320 acres to each purchaser, who is an actual settler, or a bona fide resident in the state where the sales are made."

That the complaints recited in the circular were made, the committee certainly need not labour to prove to any who were members of either house of congress from 1834 to 1836 inclusive; to any who listened to the debates and proceedings of either house during that period; to any who read the published proceedings of congress, or listened to the voice of a large portion of the public press of the country, for the time alluded to. No one of these classes of persons can have forgotten the numerous and constantly repeated charges of favoritism, partiality, collusion and fraud said to be practised by the officers charged with the sale of the public lands, and with the collection of the revenue therefrom. No one of these classes of persons can have forgotten the charges of sinister accommodations, of favoritism, of partiality, and of corruption made against the state banks generally, and especially against those which had been selected as deposit banks, and had accepted the trust. Every forum was filled with these charges and complaints, and every vehicle which transported the public mail groaned under their weight as they were diffused throughout the land.

That speculations were going on in the public lands, immense in extent, and in the capital and credit involved, became more fully demonstrable by every return from the receivers at the land offices. The proceeds of the sales arose, in consecutive years, from four millions of dollars, which was more than the previous average amount per annum, to fourteen millions, and from fourteen millions to twenty-four millions, in a single year. That monopolies in the hands of private holders, highly injurious to the settlement and prosperity of the new states, must grow out of sales thus accelerated, was a necessary and unavoidable consequence. The number of acres sold in a year, proved, conclusively, that vast quantities were purchased for a market, and for speculation, not for settlement and cultivation, while the passion to purchase

seemed to increase with the increase of sales, until there was reason to apprehend that the means of payment were traveling in a circle from the banks to the land offices, and from the land offices to the banks, without adding other or further security for the lands sold than the increased indebtedness of the banks to the treasury, and the increased indebtedness of the purchasers to the banks.

While these appearances and causes of uneasiness were exhibiting themselves to those charged with the management of this branch of the public service, forebodings of evil were not spared by those whose confidence in these public servants was not without limit. They were warned against a sacrifice of our rich public domain; against a monopoly of that vast estate by those said to be favoured by their position, favoured by power, and favoured by the banks; against an exchange of that splendid inheritance, the price of the blood of the patriots of the revolution, for bank credits, bank paper, "*bank rags*." They were charged to look to the public treasury, and see that its numerous and rapidly increasing millions upon paper were realised to the people in a sound and not a depreciated currency. They were told of the dangers and evils of these sudden and vast accumulations in the banks; and speedy and fatal derangements of the currency generally were predicted, with a confidence which could not have been exceeded in prophets, possessing plenary powers to bring about the fulfilment of their own predictions.

Such, briefly, was the history of the times up to, and through the session of congress of 1835-6, and much of the time of that session was consumed, in both houses, in considering propositions in relation to the revenue, the deposits and safe-keeping of the public moneys, the diminution of the surplus of revenue, so rapidly collecting in the banks, and other kindred measures; but the session of congress closed and nothing was done. Still the evil complained of, and apprehended, was extending itself, and accumulating strength from its own advances.

Under these circumstances the circular was issued; and as the seat of the disease was assumed by all, to rest in the dangerous expansions by the banks, and the incautious facility with which they extended accommodations to the purchasers of the public domain, the check was made to operate upon their issues of paper, and to bring to the test of real capital this branch of the public revenues. It should not be overlooked that the circular was not to take effect until more than thirty days after it was issued, and that, even then, an exception of its operation was made, in favour of settlers, for a term of four months, and until after congress would be again in session. It is but just to give here the conclusion of this letter in its own words, that the objects designed to be reached and effected by it may not be mistaken. Its last paragraph is as follows:—

"The principal objects of the president in adopting this measure being to repress alleged frauds, and to withhold any countenance or facilities in the power of the government from the monopoly of the public lands in the hands of speculators and capitalists, to the injury of the actual settlers in the new states, and of emigrants in search of new homes, as well as to discourage the ruinous extension of bank issues and bank credits, by which these results are generally supposed to be promoted, your utmost vigilance is required, and relied on, to carry this order into complete execution."

Such was the order, and such were the objects intended to be accomplished by it. That its action upon the banks, and especially in the land states, was in

some degree harm and covers, is unquestionably true. The condition of the institutions and the extension of their business, which called it forth, rendered this consequence certain and unavoidable. But before this effect of the circular should be made the ground for its condemnation, it should be considered how pressing was the necessity which called for some protection against a hasty transfer of the whole public domain, for an equivalent, rendered uncertain, at best, from its vast amount and rapid accumulation; how urgent was the call for some measure which should either check the strong current of receipts rushing into the treasury, or give increased security and safety to the millions thus amassing beyond the wants of the government; which should stay the expansions of the banks, or guard the public domain and public treasure against the ruinous consequences certain to follow from the revelation which these expansions could not fail to draw after them; how imminent was the danger to the currency of the whole country, if these millions of the public money were suffered to multiply in the banks, and thus give strength, and force, and extent to the evil which they all saw, all felt, and against which all demanded protection.

That these dangers surrounded us, now, unfortunately, requires no proof. The history of the country and of our banking institutions, as well as of our public treasury, since the date of this circular, abundantly proves their existence and their extent. That the banks had extended their circulation and their credits beyond the point of prudence and of safety, none will now question; that the public treasure in their keeping had become, and was becoming, unsafe from these excesses and indiscretions, experience has now demonstrated; and that every public interest required and demanded a check upon the excesses of banking, the excesses of trade, and the excesses of speculation, is beyond dispute.

It has been objected to the treasury circular, as the appropriate remedy for the evil complained of, that it adopted a rule of discrimination between the currency, or medium of payment, receivable for the public lands and for the revenue from customs, new, unknown to our laws and regulations for the collection of the revenue, and indefensible upon principle.

It has been already seen that discriminations of this character are not new to our laws. As early as the year 1797, the evidences of the public debt, which were transferable certificate of indebtedness, were made, by law, receivable in payment for the public lands, but were not receivable in payment for duties, or any other public dues. In 1814, the Mississippi land scrip was made by law receivable in payment for the public lands, in a specified territory, and not for the public lands generally, or in any other branch of the revenue, or for any other dues to the government. In 1823, the gold coins of Great Britain, Portugal, France, and Spain were made receivable, at specified values, in payments for lands, while those coins were not, by any law of congress in force at the time, receivable in any other branch of the revenue, or made a tender in the payment of any other debts. And as late as 1830 the Virginia land scrip was made receivable for lands in the states of Ohio, Indiana, and Illinois, and in no other states, and for no other payments to the United States; and the same scrip is yet a medium of payment for public lands, its application having been extended and made general by an act of 1835. Discriminations of this character, therefore, have long been known to the law and the practices of our public collections, and the circular introduced no new principle, in this respect, into our system.

Is there, then, any ground upon which the circular

can be justified as having been made applicable to the receipts for lands and not for customs? The committee think some suggestions may be made which will go far to justify this application of the order, and they will proceed to state them.

In the first place, an excessive currency of any character, has a necessary tendency to sink the value of that currency when compared with the value of marketable property for which it is exchanged. Hence the invariable nominal rise, in the market, of property of all descriptions which is open to a free market, when that which is used as money is abundant and cheap; and one of the strongest evidences that our paper currency was excessive during the years 1835 and 1836, is found in the fact that prices constantly advanced, although the supplies in almost every department of trade and production were unusually abundant, and no extraordinary demand was known to exist. The duties which constitute our revenue from customs are almost all a rate per centum imposed upon the value of the article. If, then, the quantity of dutiable goods imported be the same, and the value be nominally increased in consequence of an excessive currency, the value of the duties will be nominally increased in the same ratio, and therefore the collection of the duties in the cheapened currency will keep the real value of the revenue from the importations at a given standard. Not so with our public lands. They have not been, and are not, in this sense, open to a free market. Their value, per acre, is fixed by law, and however much the currency in which they were purchased may have been cheapened by abundance, they could not rise, with other property, to a price which would restore the equilibrium. They were bound down by a statute value; and when the currency to be received in payment for them was designated, the same nominal value of that currency, however much it might be cheapened by excess, would purchase the same quantity of the lands.

If this suggestion required illustration, the history of the years 1835 and 1836 would afford the most ample. Speculations were excessive in almost every branch of trade and every description of property, but most so, and of the longest continuance, in the public lands. Why was this so? Clearly because, as our paper currency became more abundant it became more cheap, and while every other description of property advanced in price, in a ratio nearly equal to the depression in value of the currency which paid for it, the market value of the public lands remained the same, and the same amount of the cheapened currency would purchase the same quantity of the lands. Hence they soon became the cheapest commodity in the market, and therefore continued to attract the attention of purchasers for the longest time and to the latest period of the business excesses.

This consideration would seem to the committee to offer a reason for the discriminating application of the circular at the time it was issued. When congress fixed the value of the public domain at one dollar and twenty-five cents per acre, the intention, no doubt, was, that the treasury should receive that sum in coin, or its equivalent. If, then, the paper currency had become so far cheapened, in consequence of its excess, that one dollar and twenty-five cents in it was worth less than the same sum in coin, that difference was most palpably a net gain to the purchasers of the lands, and an entire loss to the whole people of the country, to whom the public domain belongs. That the committee are not mistaken in supposing that the paper currency was cheapened below the value of the coin, is proved from the almost instant operation of the order itself, when one hundred and ten dollars of the

COLLECTION OF THE PUBLIC REVENUE.

paper were paid for a hundred dollars of the coin, to be expended in the purchase of the same lands at the same price.

In the second place, a check upon the excessive issues of paper, and the extensions of credit, was one of the great objects to be attained. The two great sources of revenue were the public lands and the foreign importations. For the former, the paper, while it continued to be the currency of the treasury for their purchase, was the exclusive standard of value. It made the whole purchase. It was an accepted medium for the entire payment, and when the trade became excessive, a check upon the paper was a check upon the whole capital embarked. Not so with the foreign importations. The paper was the medium of payment for the duties simply. The goods upon which the duties were assessed, were, and must be, purchased abroad, where our bank paper could not circulate, and did not constitute a medium of payment, and where coin and the equivalent of coin, would alone pay the debts of the American merchant. If, then, it be considered that but one half of the amount of our foreign importations is chargeable with duties at all, and that the duties upon the remaining half do not, probably, at the present time exceed an average of thirty per centum, it will be seen how feeble, in the comparison, would have been the check imposed by the order upon this branch of the revenue. In the case of the lands it reached the whole capital, and, as has been seen, imposed upon it a check equal to some ten per centum; while, in the case of the importations it could have reached but the mere incident of the duties, being only some fifteen per centum upon the whole capital, and, at the same rate of calculation, affording a check only equal to about one and one half per centum.

Again, excessive issues of paper by our banks would act directly, and to the whole extent, upon the trade in the public lands, so long as the paper continued to be received in payment for them, because it would meet the whole cost, and constitute an acceptable medium for the whole payment; while the same excessive issues of the same paper would act but indirectly and incidentally upon our foreign trade. It might, to some extent, and for a limited period, cheapen our products to be sent abroad and exchanged for foreign merchandise, and in this way stimulate the foreign trade. It might, while the paper remained nominally equivalent to gold and silver, and convertible into them, by cheapening the precious metals, lead to their profitable exportation, and thus tend to make foreign trade excessive. And it would, while the countries with which the business was carried on remained at a healthful standard, add a direct stimulus as to that part of the capital required to pay the home duties. Still it will be seen that the impetus given to foreign trade by banking at home is indirect, incidental, and partial, while that given to domestic speculations, such as that which has recently taken place in the public lands, is direct, positive, and universal. These considerations, in the minds of the committee, should go far to justify the discriminating application of the order.

In the third place, so large a portion of the operations of foreign trade is brought to the direct test of real capital, to the touchstone of a currency of intrinsic value, that excesses in that trade will soon check themselves. Not so with domestic trade based upon an excess of paper currency, while that paper continues to be an acceptable medium of payment in all its operations. So long as that state of things can be preserved, the domestic excesses may be continued and extended at pleasure. Here, again, our recent experience furnishes us proof of the correctness of our

positions. The excesses may be said to have commenced, in both branches of our trade, at about same time. The domestic branch received the check in the order under consideration, and yet a portion of it confined to the public lands had increased six-fold in two years, thus showing the direct powerful impetus communicated to it, and the limited power of expansion it possessed, until checked by extraneous application, by the test of real capital not introduced by its own movements, but forced it by an independent power. Notwithstanding application to our domestic trade, however, sudden harsh as it is supposed to have been, months passed away before the self-correcting principle of the free trade produced any sensible check in that branch. Yet, although its amount had been doubled during whole period of excess, when this correcting principle did manifest its power, a business paralysis was throughout the whole country. All business was suddenly arrested, and the banks themselves were compelled to suspend specie payments, without the aid to give a hope of resumption, until a healthful equilibrium could be restored to this trade. Such, the check which the foreign trade contains within itself, while the domestic, if once driven to extremity must look abroad for the corrective; and hence greater propriety of applying the order in question to the one than to the other.

To such as entertain the opinion that the pecuniary affairs of the country were healthful and well, at time this order was issued, that nothing required to be done, no check to be imposed, arguments in justification of the order would be addressed in vain: but to admit that something was required, some protection to the public treasury and the public domain demands should ask themselves what other, or better, measure was in the power of the executive, before they condemn this as too sudden, too harsh, or too strict. They should remember that, although the land revenue was materially checked, and the revenue from other sources beneficially diminished, by the operation of the order, business was not convulsed, trade was not interrupted, and the banks were not closed, until the commercial revulsion, following from the excesses of foreign trade, interposed itself. That the operation of the order may have hastened, in some small degree, the commercial revulsion, is barely possible; this was the cause of that revulsion is not possible. The supposition is contradicted by the facts of history applicable as well to other countries as our own, the dates of events, and by the necessary connection between cause and effect.

To the complaint that the order was made invalid by its partial application to a single branch of the public revenue, it would seem to the committee to be a satisfactory answer to say, that it was made applicable to that branch of the revenue upon which it would most efficiently, as a check to the prevailing excess upon that branch of the revenue from which the heaviest surplus was accumulating in the treasury upon that branch of the revenue which was most secure, as time has since shown; upon that branch of the revenue which, from the nature and character of the property out of which it arose, as well as from the medium in which it was entirely paid, most needed protection, by an efficient check upon the excessive credit; and that, if its action was necessarily severe, that action was materially mitigated by confining it to that branch of the revenue least diffused, in its effects upon the tax-payers of the whole Union.

So much for the treasury circular of the 11th July, 1836, for the peculiar circumstances which called it forth, for the reasons and views which

tated it, for the grounds upon which its partial and particular application is justified, and for answers to the prominent objections against it.

The suspension of specie payment by the banks, and the provisions of the deposit law of 1836, have, since the month of May, 1837, rendered the order in question practically a dead letter, and it remains, to this moment, in that state, unrescinded.

The senate has, during its present session, with great and patient labour, digested, passed, and sent to the house of representatives, a bill, such as met the approbation of a majority of its members, covering all these points, and calculated to make the rule for the currency, collection, safe-keeping, and disbursement of the public revenue, in all its branches, uniform and identical. As has been before remarked, one of the sections of that bill was, in its supposed purpose and object, similar to the first clause of the resolution referred to the committee, and now under consideration. The vote of the senate which introduced that section into the bill, does not leave room for a doubt that the body is decidedly friendly to the principle contained in it, the principle of uniformity in the currency, or media of payment, in all branches of the public revenue. The question is one which, so far as its present agitation is concerned, has originated in the action of the executive department of the government, but that department has repeatedly referred it, with all the attendant considerations, to congress, that legislation, so far as congress should think wise and expedient, might take the place of executive regulation and executive discretion. Whether, under these circumstances, the senate will consider it incumbent upon it to act further, upon any branch of this great subject, until it shall be informed of the final disposition, by the house, of the bill it has sent down, covering the whole ground, is a question in relation to which the committee do not feel called upon for the expression of an opinion. If it shall be supposed that this repetition of action may involve considerations of parliamentary rule, or parliamentary courtesy, they will appropriately address themselves to the senate itself, and not to one of its committees.

The committee will, therefore, leave this branch of the resolution, with the single remark, that, should the senate be disposed to adopt it in its present form, some exception may be required to be made in relation to "the Virginia land scrip," now expressly, by law, made receivable for lands, but not for any other public dues.

The second clause of the resolution, proposing to make bank notes the currency of the public treasury, is in the following words:—

"And that, until otherwise ordered by congress, the notes of sound banks, which are payable and paid on demand in the legal currency of the United States, under suitable restrictions, to be forthwith prescribed and promulgated by the secretary of the treasury, shall be received in payment of the revenue and of debts and dues to the government."

The proposition here presented, also, has already received the definitive action of the senate during its present session, but not, like the former one, the favourable action of the body. A reference to the journal will show that, on the 24th of March last, the "bill to impose additional duties, as depositories, upon certain public officers, to appoint receivers general of public money, and to regulate the safe-keeping, transfer, and disbursement of the public money of the United States," being under consideration, the following amendment was moved, to stand as the 23d section of that bill, viz.:—

"Sec. 23. And be it further enacted, That the revenue of the United States, whether arising from duties, taxes, debts, or sales of public lands, shall be collected and received in gold and silver, or in treasury notes, or in the notes of banks which are payable, and paid on demand, in the legal coin of the United States, subject to such regulations and restrictions, in regard to the notes of specie paying banks, as aforesaid, as congress may, from time to time, establish and prescribe: Provided, That nothing in this section shall be so construed as to prohibit receivers or collectors of the dues of the government from receiving for the public lands any kind of land scrip, or treasury certificate, now authorised by law."

The only substantial difference between these propositions is, that the one now referred to the committee leaves the restrictions and regulations, under which bank notes are to be received, to the secretary of the treasury, while the one formerly offered to the senate reserved to congress alone the right of imposing those restrictions. In all other respects both are substantially the same. The exclusive object and purpose of both is to make the notes of specie paying banks receivable, by compulsion of law, in all dues to the government, and although the one last quoted enumerates also gold and silver and treasury notes, yet the sole change it proposes in the existing laws, is as to the bank notes, inasmuch as gold and silver and treasury notes are, by the existing laws, expressly made receivable in payment of all dues to the United States. The propositions, therefore, are identical in substance, with the single exception before named. A reference to the senate journal of the 24th of March last, will show that a vote of the senate was taken upon the last named proposition, and that it was rejected, every senator being in his seat, and voting upon the question.

This part of the resolution, therefore, like the former, is obnoxious to the objection that it is, in effect, but a mere repetition of a proposition before made to the senate, and before deliberately and definitively acted upon by the body, during its present session. The committee do not mention this fact to prove that the senate either cannot, or ought not, again to entertain the proposition, or that it will not be the pleasure of the body again to act upon it. As in relation to the former clause of the resolution, they do not feel called upon to express any opinion upon these points. They are questions, as it seems to them, addressing themselves to the senate itself, and not to the committee, and with the senate they cheerfully leave their decision. They will, however, respectfully suggest, that a practice of this sort, extensively introduced, could not prove economical to the time of a legislative body, or favourable to the certainty of its action. The same questions might, under such a practice, call for a repetition of a debate and a repetition of votes, without any material advance in business, and as the body might chance to be full, or thin, as to numbers, at the precise moment of each vote, its decisions of the same questions might be uniform, or contradictory. These, however, are considerations which will not escape the attention of the senate in disposing of the propositions now presented.

How, then, will the clause of the resolution now under consideration, if adopted and made part of the law of the land, change the law as it exists? and how will it effect the treasury and the public funds? In the opinion of the committee, it will make a medium of payment for public dues, to wit: specie paying bank notes, compulsory, which has heretofore been merely permissive; and it will force upon the public treasury a currency which has proved, upon various occasions, to be unsafe and dangerous, when its receipt

rested in the discretion, and, therefore, to some extent, upon the official responsibility, of the fiscal officers of the government; and which, if made the legal currency of the treasury, and compulsory upon it, will subject the public revenues to fluctuations, hazards, and losses, highly detrimental to every important interest, public and private.

Are the committee right in supposing that this proposition involves the change of the existing laws which they have mentioned? As condensed an examination of our legislation upon this subject as can be made shall answer this enquiry.

The first law passed, after the organization of the government under the present constitution, touching the currency, or medium of payment, in which the public dues should be collected and received, was an act passed on the 31st day of July, 1789, entitled "An act to regulate the collection of duties, imposed by law on the tonnage of ships or vessels, and on goods, wares, and merchandises, imported into the United States." The 30th section of that act prescribed the currency to be received under it, and was in the following words:

"Sec. 30. And be it further enacted, that the duties and fees to be collected by virtue of this act shall be received in gold and silver coin only, at the following rates—that is to say: the gold coins of France, England, Spain, and Portugal, and all other gold coins of equal fineness, at eighty-nine cents for every penny-weight; the Mexican dollar, at one hundred cents; the crown of France, at one dollar and eleven cents; the crown of England, at one dollar and eleven cents; and all silver coins of equal fineness, at one dollar and eleven cents per ounce."

This established "gold and silver coin only" as the currency of the treasury, so far as the revenue from customs was concerned. This act was repealed by an act passed on the 4th day of August, 1790, entitled "An act to provide more effectually for the collection of the duties imposed by law on goods, wares, and merchandise imported into the United States, and on the tonnage of ships and vessels." The 56th section was in the same words with the 30th section of the act of 1789, above quoted, with the following addition at the end of the section, viz: "and cut silver of equal fineness at one dollar and six cents per ounce."

(To be continued.)

HISTORY OF THE MONEY CRISIS OF 1818.

Extract from a Report of the Committee of the Senate of Pennsylvania, appointed to enquire into the extent and causes of the present general distress.

January 29, 1820.

Mr. Raguet from the foregoing committee, made report, which was read as follows, to wit:—

In the performance of a duty of such high importance as that which has been entrusted to your committee, they have felt it incumbent on them to enter at large into the investigation of the subject contemplated by their appointment, in order that the people of the present day may be correctly informed as to the extent and causes of the evils by which they are oppressed, and that the records of the house may be furnished with a document which may afford evidence at a future day of the miseries which it is possible to inflict upon a people by errors in legislation, and by the bad administration of incorporated institutions.

In ascertaining the extent of the public distress, your committee has had no difficulties to encounter. Members of the legislature from various quarters of

the state have been consulted in relation to this subject, and their written testimony in answer to interrogatories addressed to them by the committee, has agreed with scarcely any exception, upon all material points. With such a respectable weight of evidence added to that which has been derived from the prothonotaries, recorders and sheriffs of the different counties, from an intercourse with numerous private citizens residing in different parts of the state, as well as from the various petitions presented to the legislature, your committee can safely assert, that a distress unexampled in our country since the period of its independence, prevails throughout the commonwealth. This distress exhibits itself under the varied forms of

1. Ruinous sacrifices of landed property at sheriff's sales, whereby in many cases lands and houses have been sold at less than a half, a third, or a fourth of their former value, thereby depriving of their homes and of the fruits of laborious years, a vast number of our industrious farmers, some of whom have been driven to seek in the uncultivated forests of the west, that shelter of which they have been deprived in their native state.

2. Forced sales of merchandise, household goods, farming stock, and utensils, at prices far below the costs of production, by which numerous families have been deprived of the common necessities of life, and of the implements of their trade.

3. Numerous bankruptcies and pecuniary embarrassments of every description, as well among the agricultural and manufacturing, as the mercantile classes.

4. A general scarcity of money throughout the country, which renders it almost impossible for the husbandman or other owner of real estate to borrow even at a usurious interest, and where landed security of the most indubitable character is offered as a pledge. A similar difficulty of procuring on loan had existed in the metropolis previous to October last, but has since then been partially removed.

5. A general suspension of labour, the only legitimate source of wealth, in our cities and towns, by which thousands of our most useful citizens are rendered destitute of the means of support, and are reduced to the extremity of poverty and despair.

6. An almost entire cessation of the usual circulation of commodities, and a consequent stagnation of business, which is limited to the mere purchase and sale of the necessities of life, and of such articles of consumption as are absolutely required by the season.

7. An universal suspension of all large manufacturing operations, by which, in addition to the dismissal of the numerous productive labourers heretofore engaged therein, who can find no other employment, the public loses the revenue of the capital invested in machinery and buildings.

8. Usurious extortions, whereby corporations instituted for banking, insurance, and other purposes, in violation of law, possess themselves of the products of industry without granting an equivalent.

9. The overflowing of our prisons with insolvent debtors, most of whom are confined for trifling sums, whereby the community loses a portion of its effective labour, and is compelled to support families by charity, who have thus been deprived of their protectors.

10. Numerous law suits upon the dockets of our courts and of our justices of the peace, which lead to extravagant costs and the loss of a great portion of valuable time.

11. Vexatious losses arising from the depreciation and fluctuation in the value of bank notes, the impositions of brokers and the frauds of counterfeiters.

12. A general inability in the community to meet

with punctuality, the payment of their debts even for family expenses, which is experienced as well by those who are wealthy in property, as by those who have hitherto relied upon their current receipts to discharge their current engagements.

With such a mass of evils to oppress them, it cannot be wondered at that the people should be dispirited, and that they should look to their representatives for relief. Their patient endurance of sufferings, which can only be imagined by those who have habitually intermingled with them at their homes and by their fireside, merits the commendation of the legislature, and prefers a powerful claim to their interference.

Having thus enumerated the most prominent features of the general distress, your committee will proceed to point out the causes which in their opinion has occasioned it. That cause is to be found chiefly in the abuses of the banking system, which abuses consist, first, in the excessive number of banks, and secondly, in their universal bad administration. For the first of these abuses the people have to reproach themselves, for having urged the legislature to depart from that truly republican doctrine, which influenced the deliberations of our early assemblies, and which taught that the incorporation of the moneyed interest already sufficiently powerful of itself, was but the creation of odious aristocracies, hostile to the spirit of free government, and subversive of the rights and liberties of the people. The second abuse, the mismanagement of banks, is to be ascribed to a general ignorance of the true theory of currency and banking, and to the avarice of speculators, desirous of acquiring the property of others, by an artificial rise in the nominal value of stock, and by the sharing of usurious dividends.

In order that this subject may be clearly understood, your committee have thought that the following concise history of banking in Pennsylvania would be acceptable.

The first bank which was established in the state, and indeed in the United States, was the Bank of North America, which was chartered by congress on the 31st day of December, 1781, with a capital not to exceed ten millions of dollars, and without any limits being assigned as to its duration. This charter was confirmed by the state of Pennsylvania, on the 1st day of April, 1782. This bank commenced and continued its operations upon a capital paid in of \$400,000, and as its credit stood high, and the Union was deficient in a circulating medium, it was enabled to extend its issues vastly beyond the amount of its capital. The extent of its loans may be inferred from the rate of its dividends, which were as high as 12 and even 16 per cent. per annum. The extensive and distant circulation of the notes of this bank occasioned by the disbursements of the general government which was a heavy borrower, emboldened its directors, and led them to overstep the bounds of discretion. The channels of circulation becoming overcharged with paper, and the public beginning to doubt the ability of the bank to redeem its notes on demand, naturally led to the consequences, which with the unerring certainty of fate, will sooner or later result from an extravagant emission of paper. The notes retained for payment, and with the diminution of its specie means, the bank to sustain its credit, was compelled to resort to the measure of calling upon its debtors for payment. This reduction of bank loans operated in its day, in precisely the same manner that we have seen it in ours. A general pressure for money, bankruptcies, usurious extortions, the disappearance of specie, and an impossibility of procuring loans at legal interest, were among the evils attendant upon it. For the truth of this assertion, your committee beg leave to refer to the journals of the house of representatives of the 21st and

22d days of March, 1785, by which it will appear, that so great were the evils which resulted from the operations of this bank, that a petition from a number of the inhabitants of Philadelphia and of the counties of Chester and Bucks were presented to the legislature, praying for a repeal of its charter. Those petitions were referred to a committee, who, on the 25th of the same month reported* that a bill should be brought in to repeal the charter, which was accordingly done at the ensuing session, on the 13th day of September, 1785. The bank, however, claiming the right of prosecuting its business under the charter which it held from congress, continued its operations, and the legislature, at a subsequent date, viz. on the 17th day of March, 1787, revived its charter, limiting its capital to \$2,000,000, (of which about \$830,000 only were raised,) and its duration to fourteen years. This charter has been since extended for two successive periods of fourteen and ten years, on the 29th of March, 1799, and the 28th of March, 1814, and will expire on the 17th day of March, 1825.

On the 26th day of February, 1791, the first Bank of the United States was chartered by congress with a capital of ten millions of dollars, and located at Philadelphia. Its charter expired without renewal on the 4th day of March, 1811.

On the 30th day of March, 1793, the Bank of Pennsylvania was incorporated for twenty years. The charter was renewed on the 14th of February, 1810, for twenty years longer, with an increase of capital which is now \$2,500,000, and will expire the 4th of March, 1833. This bank was authorised to have branches, of which it established four, viz. at Lancaster, Reading, Easton, and Pittsburgh, the last of which has been discontinued.

On the 5th of March, 1804, the Philadelphia Bank was chartered, after having been some time in operation without a charter, to continue until 1st May, 1814, with a capital not to exceed two millions of dollars; of which \$1,800,000 were raised. On the 1st day of March, 1806, it was renewed for ten years, and will expire on the 1st day of May, 1814. It was authorised by an act of 3d March, 1809, to institute branches, of which it established four, viz. at Wilkesbarre, Washington, Columbia, and Harrisburg, the two last of which have been withdrawn.

On the 16th of March, 1809, the Farmers' and Mechanics' Bank was incorporated, with a capital of \$1,250,000, to continue until the 1st May, 1824.

Some two or three years prior to the expiration of the charter of the Bank of the United States, application was made to congress for its renewal; which having failed, overtures were made to the legislature of Pennsylvania, but without success. The anxiety displayed by the stockholders of this bank to continue their business, and the successful appearance of their dividends added to the locating of branches by the Pennsylvania Bank in the country, very naturally excited the attention of the public, and particularly of the inhabitants of some of the interior counties of the state, who fancied that much of the prosperity of cities was to be traced to the establishment of banks, and that if that were the case, there was no reason why the country should not participate in their advantages. Such considerations as these, urged on by the desire of accumulating wealth without the dull exercise of labour, engendered a spirit of speculation. It was supposed that the mere establishment of banks would of itself create capital, that a bare promise to pay money, was money itself, and that a nominal rise in the prices of land and commodities, ever attendant upon a plenty of

* See the report at full length in Journal of 28th March, 1785.

money, was a real increase of substantial wealth. The theory was plausible, and too well succeeded. The Farmers' Bank, with a capital of \$300,000, was established in the county of Lancaster, in the beginning of the year 1810, and was accompanied by several others in the city, as well as in other parts of the state.

These early symptoms of a mania for banking, induced the legislature, on the 19th of March, 1810, to enact a law prohibiting unincorporated associations from issuing notes, or pursuing any of the operations of banks, but in defiance of its provisions, the system was persevered in, and even companies incorporated for the purpose of constructing bridges, departed from the spirit of their charters, converted themselves into banks, and emitted notes for circulation.

The evils, however, which would have flowed from this banking spirit, would soon have been checked, by the usual corrective, viz. the return of the notes for payment, had not the war which was declared in June, 1812, interposed. Prior to that period, the emissions of our banks were regulated with a constant regard to their liability to be called upon for the payment of their notes in coin. The periodical demand for dollars for the China and India trade, which regularly occurred every spring, was a check upon the over-trading spirit, which has always characterised corporations exempt from individual responsibility. The merchants at that day were not afraid to demand their rights, and those who held claims upon the banks in the nature of notes or deposits, would make a demand for an hundred thousand dollars, with less hesitation than they now display in asking for a single thousand. Banks were then what they should always be, the servants of the public, and until they are again reduced to the proper relation in which they ought to stand to the community, their operations must ever continue to be injurious. *Without liability to prompt payment, and unfurrowed by any considerations of fear, forbearance, or delicacy, on the part of the public, the community has no guarantee against a depreciated and fluctuating currency.*

The war, as might naturally be expected, put a temporary stop to the exportation of specie, and thereby removed the only sure check against inordinate issues of paper which can possibly exist. This cessation of the returning of notes for payment, had the effect of inviting the banks to enlarge their issues. Loans were made to government to an immense amount, and to individuals vastly beyond what the absence of foreign commerce justified, and a gradual depreciation of the currency was the result. The increase of dividends and the facility with which they appeared to be made, extended throughout the whole commonwealth, the spirit of speculation, already introduced into some counties. The apparent success of the Farmers' Bank of Lancaster, which, from the enormous extent of its issues, was enabled to divide upwards of twelve per cent. per annum; and to accommodate its stockholders with loans to double the amount of their stock, had a powerful influence upon the public mind. A bank, by any, was no longer regarded as an instrument by which the surplus wealth of capitalists could be conveniently loaned to their industrious fellow-citizens, but as a mint in which money could be coined at pleasure, for those who did not possess it before. Under these delusive impressions, associations of individuals sprang up in every quarter, holding out inducements to the farmer, the merchant, the manufacturer, and mechanic, to abandon the dull pursuits of a laborious life, for the golden dreams of an artificial fortune.

The liability, however, to individual ruin, attendant upon unchartered expeditions, restrained in a degree, the banking mania, and impelled the projectors

to apply for a legislative sanction. During the session of 1812-13, a bill to incorporate twenty-five institutions, the capitals of which amounted to \$9,525,000, was passed by both houses of the legislature by a bare majority of one vote in each. The bill was returned by the governor with his objections, which were sensible and cogent, and on a reconsideration the votes were thirty-eight to forty. At the following session the subject was renewed with increased ardour, and a bill authorising the incorporation of forty-one banking institutions with capitals amounting to upwards of \$17,000,000, was passed by a large majority. This bill was also returned by the governor with additional objections, but two thirds of both houses (many members of which were pledged to their constituents to that effect) agreeing on its passage, it became a law on the 21st of March, 1814, and thus was inflicted upon the commonwealth an evil of a more disastrous nature than has ever been experienced by its citizens. Under this law thirty-seven banks, four of which were established in Philadelphia, actually went into operation, the charters of which will expire on the 1st of April, 1825.

The immediate commencement of a number of these banks, with scarcely a *bona fide* capital equal to the first instalment, for the convenient mode of discounting stock notes to meet the subsequent payments was soon discovered, increased the mass of paper credits already too redundant, and depreciated the whole circulating medium so far below a specie value, as to excite a want of confidence in its convertibility. In the absence of a foreign demand for specie, a domestic one arose. The laws of the New England states had been so rigorous upon the subject of banks which were liable to a penalty of 12 per cent. per annum for the non-payment of their notes, that no depreciation of their currency took place. The consequences thereof was, that the difference between the New England prices of commodities, stocks and foreign bills of exchange, and those of Pennsylvania, was equal to the extent of the depreciation of the currency of the latter, and as our bank notes were at that time redeemable on demand, the most profitable remittance which could be made to New England in exchange for her commodities was specie, and this demand created a run upon the banks, which they were not able to withstand. The situation of the southern and of the western banks was precisely similar to that of our own. All had over-issued, and a general depreciation had ensued. The same causes produced the same effects, and a general stoppage of payment of all the banks in the United States, except those of New England, took place in August and September, 1814. The New England demand, it is true, was increased by two causes, viz. first, by facilities in foreign trade through neutral vessels, which were afforded them by an exemption from the blockade of the enemy, and, secondly, by a well-grounded apprehension that the southern banks, from their extensive emissions, would necessarily become embarrassed. Certain it is, however, that all these causes combined, could not have produced a general suspension of payment, had our banks observed the same caution in their issues as that which characterised the banks of the eastern states.

At the time of the suspension of our city banks a public meeting of merchants and others was held, who publicly sanctioned the measure, under a pledge given by the banks that as soon as the war was terminated, specie payments would be resumed. That this measure was intended is evident from the curtailment of loans immediately consequent upon the suspension.

But unhappily the redemption of the pledge was not demanded by the public at the stipulated time, and the

banks, urged on by cupidity, and losing sight of moral obligation in their lust for profit, hatched out into an extent of issues unexampled in the annals of folly. The fulfilling of a promise to pay money, by tendering another promise *equally false*, sanctioned by the public acquiescence, led to the organisation of additional banks under the act of March, 1814, which had not until then been attempted to be formed, and a scene of indelicacy in the loaning of bank credits was every where exhibited, which realised the anticipations of those who had foretold the ruinous effects of the paper system. Money lost its value. The notes of the city banks became depreciated 20 per cent., and those of the country banks from 20 to 50, and specie so entirely disappeared from circulation, that even the fractional parts of a dollar were substituted by small notes and tickets, issued by banks, corporations and individuals. The depreciation of money enhancing the prices of every species of property and commodity, appeared like a real rise in value, and led to all the consequences which are ever attendant upon a gradual advance of prices. The false delusions of artificial wealth increased the demand of the farmer for foreign productions, and led him to consume in anticipation of his crops. The country trader, seduced by a demand for more than his ordinary supply of merchandises, was tempted to the extension of his credit, and filled his store at the most extravagant prices with goods vastly beyond what the actual resources of his customers could pay for; whilst the importing merchant, having no guide to ascertain the real wants of the community but the eagerness of retailers to purchase his commodities, sent orders abroad for a supply of manufactures wholly disproportioned to the effective demand of the country. Individuals of every profession were tempted to embark in speculation, and the whole community was literally plunged into debt. The plenty of money, as it was called, was so profuse, that the managers of the banks were fearful they could not find a demand for all they could fabricate, and it was no unfrequent occurrence to hear solicitations need to individuals to become borrowers, under promises as to indulgence, the most tempting.

Such continued to be the state of things until towards the close of the year 1815. At that time the doctrine so generally taught and so generally received by the great mass of the community, that the paper currency was not depreciated, but that specie had risen in value, began to be abandoned. The intelligent part of the people became convinced, that although the nominal prices of property and commodities had been advanced, the substantial wealth of society had absolutely diminished, and the evils attendant upon a depreciated and a perpetually fluctuating currency were universally acknowledged. Each city, town, and county, had its own local currency, bearing no equivalency with, or a fixed proportion to any other; the consequence of which was, that a new and extensive class of brokers sprang into existence, who have ever since been supported at the expense of those who have been defrauded by the banks of their just and indisputable rights. Counterfeiters also added to the mass of paper in circulation, and the difficulty of detecting where so many signatures were current, invited to an increase of their numbers.

The plan about this time projected of establishing a national bank with a commanding capital, held forth an expectation, that the desired restoration of the currency was about to be effected. Petitions in favour of the measure were presented to congress, and the general government, weary of the embarrassments to which its fiscal concerns had been subjected, from a currency varying not only in every state but in almost every

village, (for the banking system had by this time extended itself through the middle, southern, and western states,) chartered the present bank of the United States with a capital of thirty-five millions of dollars, on the 10th day of April, 1816, with corporate powers which will expire on the 3d of March, 1836.

No sooner was this measure adopted than the numerous city banks, alarmed for their safety, resolved upon a retrograde movement, and with the reduction of their loans, commenced a reaction, which was accompanied by great mercantile distress. The result of this procedure, however, was a gradual amelioration of the currency, inasmuch, that by the month of July of that year, the depreciation of the notes of the banks in Philadelphia was brought to 7 or 8 per cent., and by the month of December to considerably less.

The Bank of the United States, the subscriptions to which were opened on the 1st Monday of July, 1816, commenced its operations about the 1st of January, 1817, and had it been conducted with the discretion and wisdom which were essential to so powerful a machine, its influence might have been productive of the most happy results. The public was aware that the currency of the state banks was still depreciated from excess, and that nothing but a further reduction of their issues could remove its unsoundness; and yet with this fact, evident to the most limited capacity, the directors of the new bank fancied, that if they could only persuade the city banks to call that a sound currency which was in reality an unsound one, the evil of depreciation would be cured, and they accordingly proposed to them to enter into an agreement to resume specie payments on the 21st of February following. The city banks, sensible that their power over the community was so great, that few individuals would have the boldness to make large demands upon them for coin, and relying upon that forbearance which had hitherto been extended to them by an injured public, who had been for two years and an half paying them 6 per cent. per annum for the use of their dishonoured bills, consented to the arrangement, and specie payments were accordingly *nominally* resumed on the appointed day. We say *nominally*, because in point of fact, a *bona fide* resumption did not take place, as is evident from the well-known circumstance, that for a long time after that period, Americans as well as foreign coins would command on the spot a price in city bank notes above their nominal value. Depreciation as we well result from the forbearance of the public to demand their rights, as from the refusal of the banks to pay their engagements; and the arrangement alluded to was not any real resumption of cash payments, but a mere change of one species of inconvertibility for another. No sooner, however, had the directors of the national bank succeeded in the desirable object of rendering depreciated paper an equivalent for their own convertible notes, than, instead of reflecting from an acquaintance with general principles, and from the experience of the past, that the channels of circulation could contain without depreciation, but a limited amount of paper credits, and that that amount was already in those channels, they began to add to the mass already redundant, by emissions of their own notes; and in the course of a few months added to the mass of bank loans an amount greatly beyond the reductions which had been made. By this means the currency, although *nominally* convertible, was depreciated below its former low state, and was thrown back, instead of being advanced on the road of restoration; and thus was rendered nugatory all the pain and embarrassment which the public had suffered from the former curtailments of the state banks.

This unwise procedure of plunging the people into

the debts from which they had been partially extricated, and of involving others who had hitherto escaped, was continued for a time; but the dreadful day of retribution at length arrived. The bank discovered almost too late, that its issues had been extended beyond the limits of safety, and that it was completely in the power of its creditors. It also foresaw that the payment of that portion of the Louisiana debt, redeemable on the 21st of October, 1818, which was held by foreigners, might occasion a demand for a considerable amount of coin, that the enhanced prices of China, India, and other goods, occasioned by the depreciation of the currency from the over issues of itself and the state banks, would lead to a demand for specie, and that as it was professedly a specie bank, liable, under a penalty of 12 per cent. per annum to pay its notes on demand, the same delicacy and forbearance would not be extended towards it as to the state banks. These considerations impelled it to seek its own safety, and from that moment a system of reduction commenced. This reduction operating upon the state banks, which had not profited by the opportunity afforded them of contracting their loans whilst the other was extending, obliged them also to diminish their transactions, and a general curtailment ensued, which has not yet had its consummation. The severity of the second pressure commenced in the city in October, 1818, and was continued without intermission for a year; at the expiration of which time it is said that the reductions made there by the national bank alone have exceeded seven millions of dollars, and those by the other banks probably two or four more. The reductions of the country banks during the three last years may be inferred from the following statement, which exhibits the amount of their notes in circulation at four different periods.

November 1, 1816,	\$4,756,460
" 1817,	3,782,760
" 1818,	3,011,153
" 1819,	1,318,976

From the foregoing history it will be seen what influence has been produced upon the affairs of the community by the operations of the banking system. Real property has been raised in nominal value, and thousands of individuals have been led into speculations, who without the facility of bank loans would never have been thus seduced. The gradual nominal rise in the price of land, has produced an artificial appearance of increasing wealth, which has led to the indulging of extravagance and luxury, and to the neglect of productive industry. Foreign importation and domestic consumption have thus been carried to an extent, far beyond what the actual resources of the country and people would justify, and in pursuing a *shadow* the community has lost sight of the *substance*.

From the United States Gazette.

LAW OF STOCK CONTRACTS.

DISTRICT COURT.—Oct 24th, 25th, and 26th, 1838.

Before PETTIT, president, and a special jury.—Action of *assumpsit* to recover \$300, the amount of a memorandum check, dated January 9, 1837.—Plea, non-*assumpsit* and payment. The defence made was that the check was the settlement of an operation in stock, the market price of which was raised to a fictitious and exorbitant quotation, by means of the plaintiff and others acquiring, by a combination, the control of such large quantities of it, as to regulate the price, and corner sellers on time. The charge of PETTIT, judge,

after stating the facts of the case, proceeded to settle some sound and interesting rules of law, applicable to stock contracts generally.

Whether the transaction as between the plaintiff and the defendant, unconnected with any other facts, would in England be comprehended in the Statute of 7 Geo. II. chap. 8, prohibiting stock-jobbing, it is perhaps unnecessary to enquire. The preamble of that statute, passed more than one hundred years ago, denounces "the pernicious and destructive practice of stock-jobbing, whereby many of his majesty's subjects are diverted from pursuing their lawful trades and vocations, to the utter ruin of themselves and families, to the great discouragement of industry, and to the manifest detriment of trade and commerce." The statute then prohibits, under a heavy penalty, "the putting upon stock,"—that is, a contract to pay or receive a certain sum of money, for the liberty to deliver, or not to deliver, or to accept, or refuse, a certain quantity of stock, at a fixed price, on a given day. It also prohibits the payment of money, instead of delivering, or receiving stock, and it also prohibits contracts to buy or sell stock, of which the seller is not at the time possessed.

But it is certain that we have no such statute in Pennsylvania, and, therefore, contracts in regard to stock, are regulated like contracts in regard to goods and property generally.

How far, between individual and individual, a contract for the delivery of stock, or dry goods, or grain, at a future day, at a fixed price, could be enforced when the party to receive should, in the meantime, and expressly to raise the price, go into market and buy up, or obtain control over the article, so as to prevent the other party from complying, but at an enormous sacrifice, it is also unnecessary to enquire. If the party to receive so does, and the other party can show that he did so with the design of putting the party to deliver entirely at his mercy, so that he must buy from him at an unreasonable price, or not buy at all, I think so clear a case of actual fraud would be made out, that the law would not enforce the contract. What conduct short of this, however, would amount to such a fraud as to defeat the contract, it is not now our duty to enquire, as the defendant does not now rest his case on this branch of the subject.

The common law, in the contest between man and man, in trade, leaves much to the sagacity of each, and a very strong case of actual circumvention and intended fraud should be made out, before the law will interfere to protect an individual against the superior tact, or skill, or foresight, of another.

But the defendant here calls in another principle, and alleges that he is entitled to its protection. He contends that there was such an unlawful combination between the plaintiff and other persons, to the prejudice of the defendant, as vitiated the supposed contract; and that what may have been lawful if done by a single person, becomes unlawful and criminal if done by many.

Now the law is very clear, that all confederacies and combinations whatsoever, to prejudice third persons, are criminal at common law. Hawk. 1 b. 1 c. 72. And it has been expressly decided in England, that a combination to raise, by false rumours, the price of public funds and securities, is indictable. *The King vs. De Berenger*, 3 M. and S. 67, 68. Lord Ellenborough, in page 72, says, "The purpose itself is mischievous; it strikes at the price of a vendible commodity in the market, and if it gives it a fictitious price, by means of false rumours, it is a fraud levelled against all the public, for it is against all such as may possibly have any thing to do with the funds on that particular day." The proposition refers to false rumours, as the mode of

raising the price, but there may be other unlawful modes.

Though the act, if done by an individual, might be lawful, yet if done by several in concert, with a direct intention that injury shall result from it, or where the object is to benefit the conspirators, to the prejudice of the public, or the oppression of individuals, and where such prejudice or oppression is the natural and necessary consequence, the act is unlawful, and fraudulent, and indictable. A combination is criminal whenever the act to be done has a necessary tendency to prejudice the public or to oppress individuals by unjustly subjecting them to the power of the confederates, and giving effect to the purposes of the latter, whether of extortion or mischief. Per Gibson, Ch. J. *Comitt vs. Carlile*, 1 Journal of Juris. 225. Any contrivance or device to give stocks such a value, as in the ordinary course of events, without the artificial excitement it would not have, would make the combination unlawful.

In answer to the requests of the attorneys for plaintiff and defendant, the judge laid down the following rule of law for the government of the jury, premising that whether the facts of the case rendered them applicable was a question entirely for the jury, upon which he meant to give no opinion.

First.—A combination of one or more of the directors of an institution and other persons, to raise the price of the stock of such institution for the purposes of gain to themselves, by making large purchases of said stock on time, after having by various contrivances obtained the control of, and the means of keeping out of the market such large quantities of said stock as to render a compliance with their contracts by the sellers on time impossible, unless by paying the conspirators exorbitant prices—is an unlawful and fraudulent combination.

Second.—That contracts for the purchase of such stock on time, made in pursuance of such combination by the conspirators, or any of them, with innocent third persons, are fraudulent and void, and cannot be enforced against such third person.

Third.—That if the plaintiff was a party to such combination, and the alleged market price was the result of the said combination, and of the acts of the participants therein in pursuance thereof, and was far above the real value of the said stock, the plaintiff is not entitled to recover against an innocent third person.

Fourth.—That if the jury believe the foregoing facts, then it makes no difference whether the defendant gave a check or obligation for the sum claimed, or not, or whether he knew, at the time he gave it, of the alleged combination or not, in neither case is the plaintiff entitled to recover.

The jury, after being out several hours, could not agree, and they were discharged by consent—the case was settled by the parties during the deliberations of the jury.

Counsel for plaintiff, John Cadwalader, Esq.; for defendant, W. M. Meredith, Esq.

From the National Gazette.

We publish with great gratification the following Circular. Few things have given more satisfaction to the whole community, by whom it is justly regarded as an evidence that all hostility has ceased between the Government and the Bank, and that they are both working cordially for the restoration of the currency. While on the one hand it is honourable to the Bank to have this testimonial borne to its high credit, it is not less worthy of commendation to see the Government, disregarding

more partisan prejudices, do what they think useful to the public service and eminently beneficial to the community at large. Instead of transporting, at great expense and risk, large masses of specie to the remotest corners of the Union, to be brought back to the commercial cities by the current of trade at a like expense and risk, the Government adopts the wiser course of sending notes, always convertible into specie when wanted, and more convenient to the public creditor. In this way every dollar of the notes of the Bank of the United States saves a drain upon our commercial cities of an equal amount of specie, and most effectually aids the country in its efforts for a universal resumption of specie payments.

POSTMASTER GENERAL'S OFFICE,

Washington, Oct. 8th, 1838.

Sir,—Arrangements having been made with the United States Bank to pay the Treasurer's drafts to a certain amount at different places, and it being probable the notes of the Bank will be as acceptable to claimants, and in some cases more convenient than specie, you will, should you receive drafts on that Bank or its agents, make as many of your payments by check as you can, which will give the receiver the option of taking paper or specie; and the department has no objection to your using the paper of that Bank in all your payments, so far as it can be done legally.

Respectfully, your obedient servant,

N. TOWSON, P. M. G.

From the Globe of 30th October.

The appearance of a Circular, issued by the Paymaster General, has given rise to an attempt to convict the Government of inconsistency, and this paper of uttering falsehoods, in relation to the notes of the United States Bank; and this is done by one of the Bank organs in the grossest language. We will explain the whole nature of the transaction which gave rise to this Circular, that our friends may understand it. The Federal papers may make what use of it their well known regard to truth and justice will dictate. The heavy drafts of the War Department for funds at distant points, which were supplied by drafts on the Bank of the United States, given for the purchase money of the bond due by that institution to the Government, were likely to produce great inconvenience to the distant banks in which the funds of the principal debtor bank had been deposited to meet the payments, if drawn out altogether in specie; especially so immediately after the resumption of specie payments by those institutions. Lotteries were exhibited to the War Department, representing the serious inconvenience to the banks, and, consequently, to the commerce of that part of the country, if the call for specie, when not required by the creditors of the Government, was persisted in. In consequence of these representations, the Department authorized the bureau to instruct their several disbursing officers to check on the banks, that the public creditor might have the option of receiving the notes of specie-paying banks, if they preferred to do so, or demand the specie, a right which this mode of proceeding does not deprive them of. The Government makes no war upon the banks; it merely desires to see their operations confined within their legitimate sphere. It will at all times be disposed to extend such legal accommodations to the banks, and to commerce, as may be in its power; and never has made war upon the legitimate pursuits of either. This, however, is what the Federal papers will not understand, and are determined to misrepresent.

We war against the abuse of the money power by

the Bank, or by merchants or bankers. Let them confine themselves within their appropriate spheres, and they will find us ready and willing to take such course in regard to them as will be most for the public good. The bank organ of New York, with characteristic unfairness, imputes to the Government inconsistency, because the *Paymaster General* considers bank-notes, in some instances, more convenient than specie. Although this is to be regarded as an expression of the opinion of this officer, we never denied that, when based upon specie capital, the notes of specie-paying banks, like bills of exchange, are more convenient for money transactions between distant points than specie, which cannot be transported without risk and charges.

The Bank organs, in the instance before us, have acted with the perfidy and ingratitude inherent in the mercenary corps. They must do something malicious against the Administration to earn their pay. They cannot bear to see their false imputation that Government was disposed to bring distress on the country, to distress the banks, disproved. Although, on the failure of the banks, the first act of the Government was to resort to its own credit for support, rather than press the debtor banks, and through them the community, yet the cry was unceasing—"the Government makes war on the banks."

Now, in collecting the amount due from the great debtor Bank, for its bonds, the public functionaries consent to draw checks in such amounts as suit Government creditors, on the small State institutions, in which the Philadelphia Bank has assigned funds to pay its debt, instead of drawing the whole amount at once in specie. And this indulgence, which aids resumption and wards off another suspension, is a sad grievance to the panic-making journals. They abuse the Government for its forbearance. It is an unhappy party to which the greatest good to the greatest number, comes as the greatest curse—blighting all the pleasing political prospects, which they can only conjure up out of gloom, embarrassment, and ruin.

Reported for the Inquirer and Courier, Feb. 2, 1838.

INTERESTING LAW CASE.

In the Court of Common Pleas, of Philadelphia County.

William Dougherty, as well to his own use as to the use of the Guardians for the Relief and Employment of the Poor of the City of Philadelphia, the District of Southwark, and the townships of the Northern Liberties and Penn;

vs.

The Bank of Penn Township, in the County of Philadelphia.

This was a *Certiorari* to Alderman Cannon, of the County.

From the Alderman's transcript, as certified by him to the Court, it appeared that the action was instituted to recover "a \$5 penalty imposed by the act of Assembly passed the 12th of April, 1828, (1st and 2d sections) concerning small notes for the payment of money." As it appeared by the record, it was alleged that the penalty was incurred by the defendants "passing and paying to the Plaintiff as a circulating medium, ten certificates of Loans, of the following corporations, viz. one purporting to be due by the Mayor, Aldermen, and citizens of the city of Philadelphia to bearer \$1; two do. of the denomination of 50 cents each; two do. 25 cents each; one certificate of County Loan, for \$1; one do. for 25 cents; two certificates of the Corporation of Spring Garden Loan for 50 cents each, and one certi-

ficate of the Corporation of Kensington Loan for 25 cents.

The opinion of the Court was delivered by Judge Randall, on Monday last. He decided that under the 1st and 2d sections of the above-mentioned act of Assembly, only—to quote the language of the law—"the person or persons, or body corporate," who, "with the intention to create or put in circulation, or continue in circulation, a paper circulating medium, issue, circulate, or directly or indirectly cause to be issued or circulated, any note, bill, check, ticket or paper, purporting or evidencing, or intending to purport or evidence, that any sum less than five dollars will be paid to the order of any person, or to any person receiving or holding such note, bill, check, ticket or paper, or to the bearer of the same," become liable to the penalty of \$5 imposed by the said act of Assembly, and no others; and that the individual or corporation who pays away small bills, not of his or their own creation, is and are in no way liable to the penalty. The Judgment of the Alderman was accordingly reversed.

MODIFICATION OF THE USURY LAWS IN GREAT BRITAIN.

AN ACT

To exempt certain Bills of Exchange and Promissory Notes from the Operation of the Laws relating to Usury. [17th July, 1837.]

Whereas by an act passed in the fourth year of the reign of his majesty King William the Fourth, intitled *An Act for giving to the Corporation of the Governor and Company of the Bank of England certain privileges for a limited period under certain conditions*, bills of exchange and promissory notes made payable at or within three months after the date thereof, or not having more than three months to run, and certain transactions in respect of such bills, were exempted from the operations of the statutes relating to usury; and it is desirable to extend such exemptions: Be it therefore enacted by the queen's most excellent majesty, by and with the advice and consent of the lords spiritual and temporal, and commons, in this present parliament assembled, and by the authority of the same, That from and after the passing of this act, and till the first of January one thousand eight hundred and forty, no bill of exchange or promissory note made payable at or within twelve months after the date thereof, or not having more than twelve months to run, shall by reason of any interest taken thereon or secured thereby, or any agreement to pay or receive or allow interest in discounting, negotiating, or transferring the same, be void, nor shall the liability of any party to any bill of exchange or promissory note be affected, by reason of any statute or law in force for the prevention of usury; nor shall any person or persons or body corporate, drawing, accepting, endorsing, or signing such bill or note, or lending or advancing any money, or taking more than the present rate of legal interest in Great Britain and Ireland respectively for the loan of money, or any such bill or note, be subject to any penalties under any statute or law relating to usury, or any other penalty or forfeiture; any thing in any law or statute relating to usury, or any other law whatsoever in force in any part of the united kingdom, to the contrary notwithstanding.

The *Augusta* papers state that the Western Bank of Georgia intended resuming specie payments on the first of this month.

FOREIGN INTELLIGENCE.

BANK OF ENGLAND.

Quarterly average of the weekly liabilities and assets of the Bank of England, from the 26th June to the 18th September, 1838, both inclusive.

Liabilities.	Assets.
Circulation, £19,665,000	Securities, £22,846,000
Deposits, 10,040,000	Bullion, 9,615,000
£29,705,000	£32,461,000

Downing street, Sept. 21, 1838.

A comparison with the last return shows an increase in the circulation of £184,000, a decrease in the deposits of £258,000, an increase in the securities of £39,000, and a decrease in the bullion of £131,000.

LIVERPOOL, Oct. 1, 1838.—Our last circular was under date of 20th ult., since which the business in cotton has been on about the same scale as for several preceding weeks, with a languid demand and increased heaviness in the market, particularly the last five or six days; and though holders have not forced their stock on the market prices have given way $\frac{1}{4}$ d. per lb. The sales for the week ending 28th ult. amounted to 27,750, of which 5,240 were upland, at $6\frac{1}{2}$ a 7 $\frac{1}{2}$; 9,080 Orleans at 5 a 8 $\frac{1}{2}$; 2,060 Alabama and Mobile at 5 a 7 $\frac{1}{2}$, and 290 Sea Island at 16 a 29d. per lb. About 2,000 bales were taken for export, but none reported on speculation. On Saturday 29th ult. the business was 2,500 bales, and to-day it is estimated at about 3,500. The Manchester market for yarn continues extremely dull, and the trade in manufactured goods is much less active than it was some time ago. The stock of cotton in this port is estimated at 468,000 bales, or 240,000 more than it was. The increased import of American this season is 322,000 over last. The weather continues particularly favourable for the harvest, but the corn market remains firm. The duty on flour, however, is now 6s. 5d. per barrel, and is expected to go to 10s. or 12s. 5d. in the course of the present month. Tobacco has a farther advance $\frac{1}{4}$ d. per lb. The business during the past month has been about 2,600 hhds.

LONDON, Oct. 1.—The transactions at the Stock Exchange to-day have been unimportant, and the quotations, therefore, are much the same as yesterday, namely, consols for money 93 $\frac{1}{2}$ to $\frac{1}{4}$; for the account 93 $\frac{1}{2}$ to 94; exchequer bills 68 to 70 prem.; India stock 264 $\frac{1}{2}$ to 265 $\frac{1}{2}$.

The abundance of gold, and its continued influx from various quarters of the world, is a subject of considerable attention in the city at the present time. The last official publication of the assets and liabilities of the Bank of England displays a stock of bullion little under ten millions, and within the last few days not less than £500,000 has arrived by the packet from Mexico, and a vessel of war, which has brought an unusually heavy amount from South American states, the whole of which will find its way into the vaults of the bank.

SALES OF STOCK AT PHILADELPHIA.

November 5.

37 shares Mechanics' Bank, open'g. flat,	56	35
14 " Girard Bank, open'g. flat,	52 $\frac{1}{2}$	50
70 " M. & M. Bank, Pittab. op'g. flat,	56	50

50 shares Kentucky Bank, 30 days,	88 $\frac{1}{2}$	85
20 " " "	88	
100 " " " 90 days a. o.	88	
80 " " " "	88	
50 " " " 10 days a. o.	88	

SALES OF STOCK AT NEW YORK.

November 3.

190 shares U. S. Bank,	120 $\frac{1}{2}$	121
1400 " Del. and Hudson Canal,	71	71
125 " Vicksburg Bank,	77 $\frac{1}{2}$	
236 " Kentucky Bank,	88	87 $\frac{1}{2}$
150 " Ohio Life and Trust,		105
77 " Mohawk Railroad,	64	64 $\frac{1}{2}$
650 " Harlem Railroad,	55 $\frac{1}{2}$	55 $\frac{1}{2}$
25 " Boston & Providence R.R.,		103
325 " N. J. Railroad & T. Co.	102	101 $\frac{1}{2}$
110 " Stonington Railroad,	43 $\frac{1}{2}$	44
100 " Patterson Railroad,		55 $\frac{1}{2}$

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

November 3.

Bills on London, 60 days sight,	91 a 9 $\frac{1}{2}$	p. cent. prem.
" France, "	5 20 a —	fr. p. doll.
" Holland, "	40 $\frac{1}{2}$ a 40 $\frac{1}{2}$	ctg. guilder.
" Hamburg, "	36 a 36 $\frac{1}{2}$	ctg. p. m. ba.
" Bremen, "	80 a 80 $\frac{1}{2}$	ctg. p. rix doll.
" Boston, at sight,	par a $\frac{1}{2}$	discount.
" Philadelphia, "	$\frac{1}{2}$ a $\frac{1}{2}$	do.
" Baltimore, "	$\frac{1}{2}$ a $\frac{1}{2}$	do.
" Richmond, "	1 a 1 $\frac{1}{2}$	do.
" N. Carolina, "	3 $\frac{1}{2}$ a 4 $\frac{1}{2}$	do.
" Charleston, "	1 $\frac{1}{2}$ a 2 $\frac{1}{2}$	do.
" Savannah, "	2 a 2 $\frac{1}{2}$	do.
" Augusta, "	2 a 2 $\frac{1}{2}$	do.
" Mobile, "	3 $\frac{1}{2}$ a 4	do.
" New Orleans, "	1 $\frac{1}{2}$ a 1 $\frac{1}{2}$	do.
" Louisville, "	2 a 2 $\frac{1}{2}$	do.
" Nashville, "	5 $\frac{1}{2}$ a 6	do.
" Natchez, "	6 a 6 $\frac{1}{2}$	do.
" St. Louis, "	2 $\frac{1}{2}$ a 3 $\frac{1}{2}$	do.
" Cincinnati, "	1 $\frac{1}{2}$ a 2 $\frac{1}{2}$	do.
" Michigan, "	10 a 12	do.
" Detroit, "	4 a 5	do.
American gold,	7	premium.
do. new coinage,	par a $\frac{1}{2}$	do.
Spanish dollars,	3 a 4	do.
Carlus do.	6 a 7	do.
Mexican dollars,	1 a 1 $\frac{1}{2}$	do.
Half dollars,	par a $\frac{1}{2}$	do.
Five-franc pieces,	94 $\frac{1}{2}$ a 94 $\frac{1}{2}$	cents cash.
Doublecons,	\$16 50 a \$16 60	do.
do. patriot,	15 60 a 15 68	do.
Sovereigns,		\$4 85 cash.

TERMS.

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THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it.
"Man in their bargains contract, not for denominations of sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, NOVEMBER 14, 1838.

No. 30.

COLLECTION OF THE PUBLIC REVENUE.

IN SENATE OF THE UNITED STATES,

MAY 16, 1838.

MR. WRIGHT'S REPORT.

(Continued from page 397.)

The next law which affected the currency of the treasury was the act passed on the 25th day of February, 1791, entitled "An act to incorporate the subscribers to the Bank of the United States." The 10th section of this act was in the following words:

"Sec. 10. And be it further enacted, That the bills, or notes, of the said corporation originally made payable, or which shall have become payable, on demand in gold and silver coin, shall be receivable in all payments to the United States."

These laws constituted the currency of the treasury "of gold and silver coin only," or of the bills, or notes of the Bank of the United States, originally made payable, or which had become payable on demand, in gold and silver coin; which currency was made receivable in all branches of the public revenue, and for all debts and dues of the government.

With the exception of the legislation as to the currency, or media of payment, receivable for the public lands, before noticed, the committee find no act of congress changing this state of the law, until the passage of the act of 2d May, 1799, entitled "An act to regulate the collection of duties on imports and tonnage." This act repealed the act of 1790 above referred to, and all prior acts and parts of acts conflicting with its provisions, and its 74th section is in the words following:

"Sec. 74. And be it further enacted, That all duties and fees to be collected shall be payable in money of the United States, or in foreign gold and silver coins, at the following rates, that is to say: the gold coins of Great Britain and Portugal, of the standard prior to the year one thousand seven hundred and ninety-two, at the rate of one hundred cents for every twenty-seven grains of the actual weight thereof; the gold coins of France, Spain, and the dominions of Spain, of the standard prior to the year one thousand seven hundred and ninety-two, at the rate of one hundred cents for every twenty-seven grains and two-fifths of a grain of the actual weight thereof; Spanish milled dollars, at the rate of one hundred cents for each dollar, the actual weight whereof shall not be less than seventeen pennyweights and seven grains, and in proportion for the parts of a dollar; crowns of France at the rate of one hundred and ten cents for each crown, the actual weight whereof shall not be less than eighteen pennyweights and seventeen grains, and in proportion for the parts of a crown: *Provided*, That no foreign coins shall be receivable, which are not, by law, a tender for

the payment of all debts, except in consequence of a proclamation of the President of the United States, authorising such foreign coins to be received in payment of the duties and fees aforesaid."

By an act passed on the 9th day of February, 1793, entitled "An act regulating foreign coins, and for other purposes," it is provided, that the foreign coins above particularly named, shall pass current, "as money," within the United States, and be a tender in payment of debts, at the rates above specified, which explains the proviso of the section: but what is the true legal construction of the terms "money of the United States," used in the first part of the section, may require some examination.

On the 2d day of April, 1792, an act was passed entitled "An act establishing a mint, and regulating the coins of the United States." This act made the first provision for our national coinage and for our national coin. Its provisions are numerous, but it is sufficient for the present purpose to say of them, that they designate the coins of gold, silver, and copper, to be coined at the mint, being the same designations which the coins of the United States still bear; that they regulate the value of the coins; and that the 16th section is in the following words:

"Sec. 16. And be it further enacted, That all the gold and silver coins which shall have been struck at, and issued from, the said mint, shall be a lawful tender in all payments whatsoever; those of full weight, according to the respective values hereinbefore declared; and those of less than full weight, at values proportional to their respective weights."

The constitution gives to congress the power to "coin money, regulate the value thereof, and of foreign coin;" and the two acts last referred to are an exercise of that power; the latter providing for coining money by means of a mint of the United States, and regulating the value of the money so to be coined; and the former regulating the value of foreign coin. This power is exclusive in congress, as the constitution of the United States expressly prohibits the states from coining money. What, then, is "the money of the United States here intended?" In the opinion of the committee, it is the coin of the United States; the *product* of the mint of the United States; the *money coined* by the authority of congress. In this opinion, they do not suppose it possible they can be mistaken. The construction seems to them too clear to admit of argument or question. The collocation of the words "money of the United States," as used in the section of the act of 1799, above quoted, would seem to confirm this, as the construction intended to be given to these words by congress, in the passage of that law. The provision is, "that all duties and fees to be collected, shall be payable in *money* of the United States, or in foreign gold and silver coins;" thus, as it would seem to the committee, contemplating a currency of metal only, and using the words which are used, to distinguish between the coinage of our own country and foreign coinage.

It has been seen that, prior to the passage of this law, the revenue from customs was, by law, collectable in gold and silver coin, or in the bills or notes of the Bank of the United States. If the construction which the committee have given above to this act of 1799 be correct, the bills or notes were excluded by it from the collections of the revenue from customs, inasmuch as the 112th section of the act repeals the act of the 4th of August, 1790, and further declares that "all other acts, and parts of acts, coming within the purview of this act, shall be repealed, and thenceforth cease to operate." That branch of the revenue was, therefore, from that time forward, receivable in coin only; that is to say, "in money of the United States, or in foreign gold and silver coins."

Between this date and the year 1811, no changes are found to have been made in the law prescribing the currency, or medium of payment, in which any part of the public dues should be received, other than such as have been noticed under the former head of this report, being such as affected that branch of the revenue derivable from the lands only. On the 3d day of March, 1811, the charter of the old Bank of the United States expired, and, by an act passed on the 19th of March, 1812, the 10th section of that charter, making the bills, or notes, of the corporation receivable in payments to the United States, was repealed. This left the act of 1799 the unquestioned rule as to the currency receivable in payment of the revenue from customs.

In this same year, however, and the three years succeeding, the various laws before referred to, of 1812, '13, '14, and '15, authorising emissions of treasury notes, were passed; all of which made the notes receivable in all branches of the revenue, and for all dues to the government. They, therefore, were added to the coin, as a medium of payment in the collections of the duties and fees, under the act of 1799, and the other acts regulating the collection of the revenue from customs.

On the 10th day of April, 1816, the law passed to incorporate the second Bank of the United States, entitled "An act to incorporate the subscribers to the Bank of the United States." The 14th section of this act was in the words following:

"Sec. 14. And be it further enacted, That the bills or notes, of the said corporation, originally made payable, or which shall have become payable, on demand, shall be receivable in all payments to the United States, unless otherwise directed by act of congress."

If this last clause of the section referred to "acts of congress" thenceforward to be passed, and not to acts of congress then in force, then this bank charter added a new medium of payment for all public dues, and made receivable, in all branches of the public revenue, by the then existing laws, "gold and silver coin," "treasury notes," and "the bills or notes of the corporation payable on demand." This seems to have been the construction given by congress to those laws in the language used in the joint resolution of the 30th day of April, 1816. This resolution, it will be seen by its date, passed but twenty days after the passage of the bank charter, and made a change in the legislation of congress, in relation to the currency of the public treasury, much greater than any which had ever before been known to our laws. Indeed, it must strike the attention of all, at this day, as somewhat remarkable, that, during the existence of the government under the constitution, the two bank charters alone excepted, no law, or resolution, or expression of congress, had recognised, in any form, or to any extent, bank notes as a medium of payment at the treasury; and that even

during the existence of the first bank charter, and notwithstanding the receivable character given to its bills and notes by its 10th section, before quoted, the law of 1799, before referred to, in relation to the collection of the revenue from customs, and the law of 1800, referred to under the former head of this report, in relation to the sale of the public lands, were both passed, and both confined the payments, in these respective branches of the revenue, to "specie," "money of the United States," "gold and silver coin," or "evidences of the public debt of the United States." These laws, too, remained in full and unquestioned force, as to these provisions, during the whole remaining life of that bank charter, and up to the time of the charter of the second bank, in 1816.

The joint resolution of 1816, here referred to, is entitled "A resolution relative to the more effectual collection of the public revenue," and is in the following words:

"Resolved, by the Senate and House of Representatives of the United States of America in Congress assembled, That the secretary of the treasury be, and he is hereby, required and directed to adopt such measures as he may deem necessary to cause, as soon as may be, all duties, taxes, debts, or sums of money accruing or becoming payable to the United States, to be collected and paid in the legal currency of the United States, or treasury notes, or notes of the Bank of the United States, as by law provided and declared, or in notes of banks which are payable, and paid, on demand, in the said legal currency of the United States; and that, from and after the twentieth day of February next, no such duties, taxes, debts, or sums of money accruing or becoming payable to the United States, as aforesaid, ought to be collected or received otherwise than in the legal currency of the United States, or treasury notes, or notes of the Bank of the United States, or in notes of banks which are payable, and paid, on demand, in the said legal currency of the United States."

Such was the resolution of the 30th of April, 1816; a resolution called into existence by the derangement in our monetary system at that particular period; a resolution which, its form and its terms, as well as the circumstances attending it, all conclusively prove, was never intended by the congress which passed it, to be a permanent regulation for the currency of the treasury, but a temporary aid in an attempt to recover from the wide departures from the law, which the practices of the treasury department had introduced; in an attempt to bring back, to a tolerable state, a practical, not a legal, currency which had become intolerable. And it should be carefully borne in mind that this resolution was not designed to release the standard of currency for the treasury from the operation of sound and wholesome laws, but to relieve the treasury from a depreciated currency which had been, and was being, received into it against law.

The committee are not to be understood as speaking in terms of censure of the state of things existing in 1816, in relation to our monetary affairs, but merely as relating facts as they appear upon the face of the statute book. We had just then emerged from a state of war. Our contest had been with a rich, and powerful, and skilful, and experienced enemy. Our resources, both in men and money, were vastly more limited than they now are. A heavy balance of the debt of the revolution remained unpaid, and our credit as a nation had become but partially established, either with our own or foreign capitalists. We were unprepared for war, and the expenses of making the necessary preparations, in the midst of hostilities, soon

exhausted our treasury, and depressed our credit. In that condition, the country sought aid wherever it could be obtained, and, among other resources, availed itself of that which was offered by a certain portion of the state banking institutions. In this way it became their debtor, and, being unable to pay, was compelled to wink at, and finally to countenance, their suspension of specie payments. Hence, also, arose the compulsion to make their irredeemable notes the currency of the treasury; a compulsion stronger than the law; the compulsion upon the debtor not to refuse to honour the paper of his creditor. Surely, then, the committee are not disposed to cast censure upon the able, and worthy, and patriotic public officers, through whom these acts were performed, but to mourn, as they did, over that depressed condition of our beloved country which forced its faithful public servants to these extremities.

To extricate the treasury from these embarrassments, and, as far as might be, to reclaim the currency generally from derangements thus brought upon it, was the design and object of the resolution under consideration, and who, that has examined our previous legislation, will believe that, but for these derangements, growing principally out of loans and advances to the government in the hour of its utmost need, the resolution of 1816 would have ever met the approbation of a congress of that day? And who, in view of all these considerations, will believe that the congress which did pass that resolution intended to render it compulsory as to the receipt of the notes of the state banks in payment of all public dues, and thus to fasten upon the public treasury, as a permanent and obligatory medium of payment, for all future time, that very currency from which the country had suffered, and was then suffering, so severely?

Was the resolution imperative as to the receivability of the notes of the local banks? Such is not the construction which the committee give to it. The resolution names four distinct media of payment for the public dues, viz. the legal currency of the United States, (gold and silver coin,) treasury notes, notes of the bank of the United States, and notes of banks which are payable and paid, on demand, in the legal currency of the United States. The three first are mentioned as currency, or media, "*as by law provided and declared,*" as it has been seen they were, while the committee look upon the enumeration of the last, it not being a currency or medium of payment for the public treasury "*by law provided and declared,*" as, in substance, granting a permission to the fiscal agents of the treasury to make it such, if payable and paid, on demand, in the legal currency; as, in effect, saying to the receivers of public money, in all the departments, you may receive the notes of the local banks in payments to the United States, provided they are redeemable and redeemed, on demand, in coin; you are now receiving them while they are irredeemable, but after the 20th day of February next you "*ought*" not to receive them in that state.

Another view of the resolution will strengthen this construction. If it is imperative as to the receipt of the notes of any local banks which are payable and paid on demand in the legal currency of the United States, it is equally imperative that the notes of all local banks which are so paid, shall be received. Will the idea be entertained, for a moment, that the congress of 1816 intended this? Will it be believed that they intended to make the notes of all the banks in the Union, and of all which the states should, thereafter, charter, and which should, at the moment, be specie-paying banks, an effective tender, at any and every point in the Union, in payment of all government dues? The committee cannot entertain such an opin-

ion. They will not believe that the majority of any congress of the United States, which has ever yet assembled, would have adopted a rule for the currency of the public treasury so incalculably dangerous. To them the resolution seems to have had one distinct and leading object, viz: the discontinuance of the receipt, at the treasury, of the notes of banks which were not payable and paid on demand in the legal coin of the United States. Still the banks, whose notes were to be excluded by such a rule, were the banks which had aided the government in its then recent troubles, and to which it stood indebted. Hence the advisory, rather than mandatory, language in which the interdiction was couched in the last part of the resolution; and hence, too, the inducement as to the receipt of the notes, in case they were redeemed in specie, proffered in the first part of the resolution. Those portions which relate to "the legal currency of the United States," to the "treasury notes," and to the "notes of the Bank of the United States," were not inserted to constitute, by the force of law, a currency for the treasury; for they were then, by the law, the currency of the treasury for all payments to the United States. They were not made the currency of the treasury by the resolution, but were so before the resolution had existence, and were described in it as the currency in which the public dues were to be paid, "*as by law provided and declared.*" The resolution, then, was not designed to, and did not, prescribe and establish a currency obligatory upon the treasury, but recited that which was so, "*as by law provided and declared;*" and authorized the secretary of the treasury to add to it, in the collections of the revenue, the notes of banks which were payable and paid on demand in the legal currency of the United States, while it pronounced the opinion of congress that he "*ought*" not, after a day named, to receive, in those collections, the notes of banks which did not redeem their notes in specie on demand. If this question be yet doubtful, the committee will refer to the contemporaneous construction of the government, and its agents, as shown by their practice under the resolution, to establish the point. It will be recollected that the charter of the second Bank of the United States passed congress on the 10th day of April, 1816, just twenty days before the passage of the resolution in question. By the 16th section of that charter, "the deposits of the money of the United States in places in which the said bank and branches thereof may be established, shall be made in said bank or branches thereof," &c. In pursuance of this requirement, the public money was placed in the bank and its branches for safe keeping and disbursement, as soon as the institution was prepared to receive it; and the bank became, at every important point in the Union, the fiscal agent of the treasury, both for the collection and disbursement of the public revenues. If, then, the receipt of the notes of all the specie-paying banks of the country was made compulsory upon the treasury by the joint resolution of 1816, (for it has already been shown that if the receipt of any such notes was compulsory, the receipt of all was so,) it made the receipt of all such notes equally compulsory upon the bank, as the fiscal agent of the treasury, so far as the collection of the public dues was concerned. Did the bank so construe the resolution, or so practise under it? It shall speak for itself, in the language used in the 24th and 25th of its rules and regulations, adopted on the 3d day of January, 1817, for the government of its branches. It will be seen by the date, that these rules and regulations were adopted just eight months and three days after the passage of the resolution by congress, and the two here referred to are in the words following:

"ARTICLE XXIV. The offices of discount and deposit shall receive, in payment of the revenue of the United States, the notes of such state banks as redeem their engagements with specie, and provided they are the notes of banks located in the city or place where the office receiving them is established. And also the notes of such other banks, as a special deposit on behalf of the government, as the secretary of the treasury may require.

"ARTICLE XXV. The offices of discount and deposit shall, at least once every week, settle with the state banks for their notes received in payment of the revenue, or for engagements of individuals to the banks, so as to prevent the balances due to the office, from swelling to an inconvenient amount."

Here is the construction put upon this resolution by the bank, immediately after its passage, and before the day named in it had arrived, when the treasury was to cease to receive the notes of non-specie-paying banks. Here, too, are the rules which were to govern, and which did govern, the practice of the bank under the resolution; and the committee are bound to presume that the construction and the rules met the approbation of those officers of the government, whose duty it was to see the laws faithfully executed in this particular, as they were bound to see that their fiscal agent performed what they held themselves obliged to perform, in consequence of this resolution. They are also bound to presume that this practice was in accordance with the intention of the members of congress who voted for the resolution, and with the construction given to it by the state banks interested, as the practice appears to have governed the conduct of the bank, without any interference on the part of congress, from the time the rules and regulations were adopted, until the month of October, 1833, when the public money ceased to be deposited with the institution. Surely, then, after such evidences of contemporaneous construction, it will not be contended that the resolution of 1816 was intended to, or did, make the receipt of all specie-paying bank notes obligatory upon the treasury.

After this period, and during the continuance of the charter of the second Bank of the United States, no laws have met the attention of the committee, which varied the description of currency, or media of payment, for the public dues. The legal currency of the United States, treasury notes, and the notes of the Bank of the United States, payable on demand, were, therefore, the legal currency of the treasury, with the permission granted by the resolution of 1816, to receive the notes of the local banks payable and paid on demand in the legal currency of the United States, until the expiration of that charter. The charter expired on the 3d day of March, 1836, by its own limitation, and on the 19th day of June after, congress repealed its 14th section, which made its notes receivable in payments to the United States.

It is proper here to remark, that the various laws authorising emissions of treasury notes, and making them receivable for all government dues, had become obsolete, by the entire redemption of the notes, many years before the expiration of the bank charter, in 1836, and that medium of payment was thus practically withdrawn from the currency of the treasury. The expiration of the charter of the bank, and the law of the 15th June, 1836, repealing the 14th section of the charter, withdrew another of those media in the notes of the bank, thus leaving "the legal currency of the United States" the only currency compulsory upon the treasury, but leaving also the permission given by

the joint resolution of 1816, to receive the notes of specie-paying local banks.

This continued to be the state of things until the passage of the act entitled "An act to regulate the deposits of the public money," passed on the 22d day of June 1836. The last clause of the fifth section of that act is in the following words:

"Nor shall the notes or bills of any bank be received in payment of any debt due to the United States, which shall, after the fourth day of July, in the year one thousand eight hundred and thirty-six, issue any note or bill of a less denomination than five dollars."

Thus modified, the law compelled the receipt of the legal currency of the United States, and permitted the receipt of the notes of such specie-paying banks as should not, after the 4th of July, 1836, issue notes of a less denomination than five dollars.

On the 12th of October, 1837, an act was passed entitled "An act to authorize the issuing of treasury notes," the first clause of the sixth section of which reads as follows:

"SEC. 6. And be it further enacted, That the said treasury notes shall be received in payment of all duties and taxes laid by the authority of the United States, of all public lands sold by the said authority, and of all debts to the United States of any character whatsoever, which may be due and payable at the time when said treasury notes may be offered in payment."

This law added again treasury notes as a medium of payment, and thus stands the law at the present time, the legal currency and treasury notes being made receivable by law, and the notes of specie-paying banks, which have not, since the 4th day of July, 1836, and do not, issue notes of a less denomination than five dollars, being permitted to be received by the resolution of 1816, as modified by the deposit law of 1836.

In this last review of the legislation in relation to the currency, references may not have been made, in all cases, to the laws prescribing the media of payment for the public lands, but all such laws are believed to be particularly noticed under the former head. None of the numerous laws regulating the value of foreign coin, and of the coins of the United States, have been referred to under either head, as the coins of both descriptions, as far as regulated by law, have at all times been receivable in all the branches of the revenue, and for all dues to the government, either specifically, by the terms of the laws, or under the general designations of "money of the United States," and "legal currency of the United States." It may, however, be worthy of remark, that considerable changes are found in the laws regulating the value of foreign coin, both as to the descriptions of coins legalised and made "money of the United States," and a tender in payment of debts, and as to the value fixed to the coins of different countries by the different laws; and that during some periods, no foreign gold coins, and very few foreign silver coins, if any, have been legalised. It also appears that, by an act passed on the 3d day of March, 1823, the gold coins of Great Britain, Portugal, France, and Spain were made receivable "in all payments on account of the public lands," at specified rates, but for no other public dues, nor were any foreign gold coins, at that time, legalised and made a tender in the payment of debts.

Such has been the legislation of congress on the subject of the currency, or media of payment to be received for dues to the public treasury, and from it we learn that, with the exception of the two bank charters and the resolution of 1816, it has, in all cases and for

all purposes, required in payment of the public dues gold and silver coin, or securities issued upon the faith and credit of the government. The bank charters present the only instances where bank notes have been made a tender in payment of debts due to the United States, and in those instances, the notes of the banks themselves only were so made, being the notes of banks in which the government itself was a stockholder to the amount of one-fifth part of the whole capital; of banks created by congress, and over which congress held sovereign control, both as the creating legislature, and as the guardian of the property of the people invested in them. The committee do not mean to be understood as speaking in terms of approbation of legalizing the notes of even these banks as a currency compulsory upon the treasury, but merely as distinguishing the banks which issued them from the banks chartered by the states, over which congress has no control, in the management of which no branch of this government can exercise any voice, and in which the United States hold no interest.

Still the proposition referred to the committee, and now under consideration, is, that all the notes of all the specie-paying state banks of the country, of all such banks, which the states shall hereafter charter, and of all such banks which may be hereafter formed under any general bank laws, or systems of free banking, which any of the states have adopted, or may hereafter adopt, "shall be received in payment of the revenue, and of debts and dues to the government." Such they understand to be the scope and effect of the proposition embraced in the resolution referred to them. Will the senate adopt it? The committee hope and believe not. The deliberate expression of the body against a proposition substantially similar, during its present session, strengthens this hope.

The permission to receive the notes of specie-paying state banks, still exists under the resolution of 1816. Do the interests of this government require more than this permission? Will the security of the public treasury, the money of the people entrusted to the keeping of congress, be increased by making the receipt of these notes compulsory upon the treasury? The constitution has protected the people themselves against being compelled to take bank notes, of any character, in payment of dues to them, as individual citizens. It declares that "no state shall make any thing but gold and silver coin a tender in payment of debts;" and no one ever has, and the committee presume no one will now, claim for congress the power thus denied to the states. Were the fathers of the land, the framers of the constitution of the United States, wise in extending this protection to the individual citizens of the country? Did, and do, their private interests require this protection? All will answer these questions affirmatively. Is it possible, then, that their collected interest, their public treasury, is to be rendered more secure by an exactly opposite rule? Is it possible that their private individual property can only be protected by securing to them the right to demand gold and silver in payment of their debts? and that their common treasure is to be better protected by taking this right from their servants, charged with its collection? The citizens are at liberty to receive bank paper in payment of their debts, if they think it safe to do so, and the collectors of their revenue are at liberty to receive bank paper into the public treasury, if they think the paper safe to that treasury. The constitution guards the former against a compulsion to take the paper; and should congress force that compulsion upon the latter, because the constitution does not interpose to prevent it? The servants of the people in congress or in the state legislatures cannot force bank paper into the pockets of

their constituents, in satisfaction of their debts: and should they force it into their public treasuries, in satisfaction of the dues to them? The committee can see no state of facts, or train of argument, which can reconcile these contradictions, and make the passage of this part of the resolution a public duty. Is this proposition to be adopted for the benefit of the banks, as it is seen its adoption cannot be urged as a protection to the public interests and the public treasury? Do the banks require or ask it? The committee believe they can answer for the solvent and well-conducted banks, that they have no such need, and make no such request; that they have no desire that the currency of their notes should rest upon any stronger basis than their known ability and willingness to redeem with gold and silver, on demand; and that they would not, if they could, have the notes of the eight or nine hundred banks of the several states made a legal tender, for any purpose. That there have been banks which required the force of law to make their notes current and valuable, recent experience has demonstrated, as, in the absence of such a law to force them upon the public, they have fallen dead and valueless upon the hands of private holders. That there may be other banks in the country which yet purport to be sound, and which still may require the aid of such a law as is here proposed, to enable them to pass off their notes for a much longer period, is very possible; but the committee sincerely hope, if such there are, that their number is small, and they are sure that none will advocate the passage of the resolution for the benefit of such banks. Of one thing they are most happy to be assured, and that is, that there are some banks in the country which require no such artificial aid; which have resumed specie payments, and are rising up, under all the embarrassments of the times, to the full performance of their whole duties to themselves and the public; and which present, to those behind them, a most worthy example of what good management and good faith can accomplish, without the aid of a law which shall compel the receipt of that paper.

Try the proposition under consideration upon the banks themselves. Would they receive each others notes at par when they were all specie-paying banks? Will a single sound bank among the whole number now consent to the passage of laws, which shall compel them to receive each other's paper at par, or even to receive it at all, after they shall have resumed specie payments? Must certainly not. Then shall congress, by its legislation, compel a credit for the notes of the banks at the treasury, which they will not give, upon any terms, to the notes of each other? Most assuredly the banks will not have the effrontery to ask congress to do this.

It may be said, as it has been said, that opposition to this resolution is hostility to the state banks. The committee cannot view it in that light. Is it hostility to a bank to decline to make its notes receivable, by the force of law, in the payment of debts? Have the rights of private incorporations become already so far advanced in our free country? Are we compelled to pass laws to force off their notes, or be warred upon by these institutions? Have the rights of corporations become already so far paramount to the rights of the individual citizen, that we must so frame our laws as to compel the promises of the one to be received at our treasury, while we exact the money from the other, or be set down enemies to the corporations, meriting their vengeance? Is it a crime against the banks to object against making that a legal tender at the public treasury, which the banks will not recognise to be a currency at their counters? No! The con-

dition of the American legislator has not yet become so degraded. The banker, deserving the same, who appreciates the privileges conferred upon him by law in the charter of his bank, and feels the obligations which attend upon his profession; who can content himself with reasonable gains, and admits that he is not more than the private citizen, exempt from the common moral obligation of paying his debts when he is able to do so, will interpose no such claims, and ask no such protection for his credit. He will applaud the legislator for passing such laws as will protect private rights, private property, the public interests of his constituents, and public liberty, even though some of those laws should be intended to restrain the abuses of banking. He will not consider efforts to protect the public morals and the interests of the whole people against any and all threatened dangers, as hostile to him, or his bank; and if such a charge is to come from those engaged in the business of banking, it is to be looked for from those only who are conscious of a weakness requiring the aid of laws such as that now proposed; from those who have enjoyed the monopoly of having their notes exclusively made the legal currency of the public treasury, until the wealth and power acquired from too much public patronage and favour, have emboldened them to demand as a right, in all situations, the exclusive privileges which were only accorded to relations the most intimate, and interests perfectly identical between them and the public; or from those whose habit of leaning upon the public treasury for support has become so confirmed that that support is rendered essential to healthful existence. To such, the refusal to pass this part of the resolution may seem a hostile act, not because they believe they possess the right to demand the protection, but because they feel its necessity too deeply to be able to reason as to the right.

It may be said, as it has been said, that the government is believed to be hostile to the state banks, and that this provision of the resolution should be passed to rebut so injurious a presumption. The foundation for this suggestion, and the character of the remedy recommended for the supposed evil, deserve some examination, that the public mind may be disabused upon both points.

First, then, what foundation is there for the allegation that the government is hostile to the state banks, and is prosecuting an exterminating war against them? Previous to the month of October, 1833, all the connection which had existed between the government of the United States and the banks chartered by the states, for a term of nearly eighteen years, had been prescribed, formed, and conducted by and through the Bank of the United States, acting as the fiscal agent of the treasury of the United States. The committee, in a former part of this report, have shown what that connection was, and how far it extended. It consisted in the reception, by the Bank of the United States and its branches, "in payment of the revenue of the United States," of the notes of each state bank as "redeemed their engagements with specie," and were "located in the city or place" where the receiving bank or branch was located, and of the return of those notes to the state bank which issued them, "at least once in every week," to be redeemed with specie. This was the character and extent of the connection between the public treasury and the local banks, under the fiscal management of the Bank of the United States. To prepare for the expiration of the charter of that bank, and for the winding up of its affairs as a national bank, an institution which public opinion had clearly indicated was not to have existence in this country after the expiration of that charter, the secretary of the

treasury, under the direction of the president, ordered the public money, from and after the 1st day of October, 1833, to be made in certain designated state banks, and not in the Bank of the United States. This was the commencement of a more extensive, intimate, and responsible connection between the government and the local banks. It was matured and continued by executive direction, without any definitive action on the part of congress, until the 23d day of June, 1836. In the mean time, this action on the part of the executive branch of the government was most loudly complained of, as exhibiting a spirit of favoritism towards the local banks, dangerous to the public treasury of the nation, destructive of public confidence, and consequently of public and private credit; as rendering certain the entire prostration of business, and the dissemination of distress and bankruptcy throughout the land. The public revenue, however, continued to accumulate with a rapidity theretofore unexampled, and business took a sudden impetus, which drove it from a state of healthful and vigorous to one of wild and feverish action in the space of less than two years. These appearances filled the minds of many of the friends of the policy of the executive with anxiety and concern, while the complaints of the opponents of the policy were changed to the dangers impending over the numerous millions of the public money in the insecure banks; the improper uses to which the money was applied by the institutions; the certainty of fatal derangements in the paper currency to be caused by the excesses; and the like. At this crisis, and on the 23d day of June, 1836, the act was passed entitled "An act to regulate the deposits of the public money." That act legalised the connection between the government and the banks, and prescribed regulations of law for its future continuance. Still the monstrous accumulations of revenue continued in a manner to alarm the minds of all, and to furnish the most conclusive evidence of fearful excesses in banking, and in the use of credits generally. The deposits act proposed no check to this state of things, so far as the public revenue was concerned, though it did provide another, and what congress considered a safer, mode of keeping the vast amount of treasure collected and collecting. No other action of congress provided this check, and as much the greatest excess of collections was coming in from the lands, after the adjournment of congress, on the 4th of July, 1836, and on the 11th day of that month, the secretary of the treasury, under the direction of the president, issued the order respecting the medium in which payments for lands should, after certain periods named, be required to be made. This order first changed the tone of complaint from that of favoritism on the part of the government towards the local banks, to that of deadly hostility against them. Time passed on, however, and congress met and adjourned again, and no law was passed affecting the collection of the revenue in any of its branches. The order had had the effect to diminish to some extent, but to a much less extent than was anticipated by its friends and predicted by its opponents, the sales of the public lands, and to lessen, in the same proportion, the accumulation of revenue from that source. By this time, also, unequivocal evidences of a general business and commercial revulsion were exhibiting themselves, not only throughout this country, but most of the commercial countries of Europe, and so rapidly did the change sweep on, that, before the expiration of the month of May, 1837, with a few unimportant exceptions, all the banking institutions of the United States were induced to suspend the payment of their notes in specie.

This produced a new and embarrassing state of

things for the government. All the means of the Treasury to meet the current expenditures of the country were on deposits in the banks, and they were, by law, the depositories of the accruing revenue. Still the act making them so prohibited the selection, as depositories, of any but specie-paying banks, and made it the imperative duty of the Secretary of the Treasury to discontinue any bank as a depository which should "at any time refuse to pay its own notes in specie if demanded," and to withdraw from it the public moneys which it may hold on deposit at the time of such discontinuance." The deposit banks, therefore, were all to be instantly discontinued, and the country presented no others which could be selected, because it presented no specie-paying banks. Hence other depositories, different from, and independent of, the banks were to be constituted, and, as a natural and almost necessary consequence, the officers of the government, charged with the collection of the public dues, were charged also with the keeping of the money collected, until it was required for disbursement. Another duty of the Secretary of the Treasury, made equally imperative by the deposit law, was promptly to withdraw from the banks, which had been depositories and were discontinued, the public moneys held by them on deposit at the time of their discontinuance. The performance of this duty involved greater difficulty, and, indeed, was rendered impossible. The laws which have been before referred to, the resolution of 1816 being included, limited the power as well as discretion of the Secretary of the Treasury, as to the currency or media of payment, he was at liberty to receive from the banks, or from any other public debtors; and neither that resolution, nor any of the other laws, permitted him to take in payments to the United States the notes of any bank which did not pay its notes on demand in the legal currency of the United States; while another existing law, which will be hereafter referred to, expressly prohibited him from paying out such notes. The suspension of specie payments by the banks was extended, as well to their public and private deposits as to their notes, and they, therefore, would not answer the drafts of the Treasurer in any currency or medium, which the law permitted him either to receive or disburse. The drafts of the Treasurer for the moneys held on deposits by the banks, at the time of their discontinuance as depositories, were consequently protested for non-payment and returned, and little or nothing was realized from the means on hand, at the time of the suspension, to meet the current expenses of the government. To a very great extent, and from the operation of the same causes, the accruing revenue was cut off, and the public Treasury threatened to be left wholly without means to meet the calls upon it. The notes of the non-specie-paying banks could not be received in payment of the revenue from customs; and as the merchants could not, when their bonds fell due, obtain specie from the banks, either for the bank notes or for their own private deposits, they could not make payment, and the bonds lay over unpaid. It is true the revenue from public lands had been, for some months, collectable in specie only, except the few payments in Virginia land scrip; but the suspension by the banks put it out of the power of those wishing to purchase lands, to obtain specie, to so great an extent as to render this resource wholly inadequate to the supply of the Treasury.

Under these circumstances, the President issued his proclamation to convene Congress on the first Monday of September last. In the mean time the debtor banks and debtor merchants were in the hands of the executive officers of the government, and, until Congress interposed, were subject to the treatment which those

officers should choose to extend towards defaulting debtors. Did they meet a spirit of hostility? Was a warlike course of measures adopted? Did they find a disposition to exterminate manifested in the lenity and forbearance extended, certainly without law, if not against law? No such charge, or pretence, from the parties interested, has reached the committee, and certain it is that no foundation for either exists in the true history of the events.

Next in the order of time came the message of the President, communicated to Congress at the commencement of the extra-session, and in this and the annual message of December last, are supposed to be found recommendations by which to sustain this charge of hostility against the state banks.

What are these recommendations in substance? As the committee recollect and understand them, they are, that the connexion which had existed between the government and the state banks, for the time, to the extent, and in the manner before related, which had become dissolved by the action of the banks themselves, and which had proved so disastrous to both during its continuance, should not be renewed; that thereafter the money of the people should be kept and disbursed by the servants of the people, and not by the officers of private incorporations; in short, that a system for the management of the finances of the country, substantially similar to that forced upon the government by the suspension of the banks, should be adopted. What, then, is that system? The committee believe they can answer truly, that, so far as the state banks are concerned, it is a system, in its general outline and action, very similar to that prescribed and practised upon by the Bank of the United States, ameliorated by the absence of that fearful rivalry in the business of banking, which constituted the most prominent feature of that overshadowing institution; ameliorated in some other, to the state institutions, important features; and merely transferring the agency for the Treasury, from an incorporated bank, to public officers, selected and appointed according to the provisions of the constitution and the law, and responsible to the people, and the regularly constituted tribunals of the country, for their faithfulness in their trusts. A very brief analysis of the two systems, comparing the one with the other at each step of the process, will illustrate this position of the committee.

The system recommended by the President proposes to make public officers, at the points required, the fiscal agents of the Treasury, and not the state banks.

The charter of the Bank of the United States made it and its branches the fiscal agents of the Treasury, and not the state banks.

The system recommended by the President proposes that the public officers to whom the duty shall be assigned by law, shall be the depositories of the public money, and shall receive, keep, and disburse the same, and not the state banks.

The charter of the bank made it and its branches the depositories of the public money, and the agents of the treasury to receive, keep, and disburse the same, and not the state banks.

The system recommended by the President necessarily excludes all use of the public money, and all business by the fiscal agents of the treasury, which can come in competition with the business of the state banks.

The system established in and under the bank created expressly a competitor too powerful for the state banks, without any portion of the public patronage, and then threw into its lap the whole pecuniary patronage of the government, thus placing the state banks entirely at its mercy.

The system recommended by the President does not propose so to legalise any bank notes as a currency, as to make them a tender in payment of debts at the treasury.

The charter of the bank made all its notes "payable on demand" a tender in payment of debts at the treasury, but did not give that preference to similar notes of the state banks.

The operation of the system recommended by the President would be to disburse, in payments to the public creditors, any notes of the state banks which should at any time be allowed to be received, and the disbursement of which the existing laws, and the choice secured to creditors, should authorise.

The practice of the bank was to disburse no bank notes but its own, and to present all the state bank notes it received in payment of the revenue, at least once in every week, to be redeemed with specie, and to receive no state bank notes in such payments, except those of the banks located at the places where the bank and its branches were located.

(To be continued.)

EXTRA SESSION OF CONGRESS.

SUB-TREASURY SYSTEM.

The Speaker laid before the House of Representatives the following report from the Secretary of the Treasury:—

TREASURY DEPARTMENT, Sept. 30, 1837.

Sir,—This report is submitted in compliance with the following resolution, passed on the 28th instant, and received at the department this day:

"Resolved, That the secretary of the treasury be required to furnish this house with a statement of the number of sub-treasuries which will be required, if the bill imposing additional duties as depositories in certain cases on public officers should become a law; and, further, how many new officers must be created; if any, how many new buildings to be erected, and what will be, as nearly as he can estimate it, the annual expense of the system; what the salaries to be paid the officers, or what will be the commissions to which they will be entitled."

In answer to the first enquiry, I would state, that I have had recurrence to the printed bill of the house of representatives, "imposing additional duties as depositories in certain cases on public officers, and for other purposes," and which is supposed to be the bill referred to in the resolution. Under that bill, if in its present form it should become a law, I should not feel authorized to appoint any number of "new officers," whether called sub-treasurers, or otherwise, and created either to keep or disburse the public money. The bill seems merely to impose further duties as depositories on the officers now existing and employed in the collection of the customs and lands, and in the post office and mint. The number of those in each of these establishments, if that information be desired, appears, with a few exceptions, and more accurately than could otherwise be stated without delay, in the last Biennial Register, published by the state department under the direction of congress, and to which I would respectfully refer for that purpose.

As to the second enquiry, it may be observed, that in one of the plans suggested by this department in the report at the commencement of the session, it was proposed that from four to ten "new officers," separate from and independent of those now in existence, might be authorised to act as commissioners, or keepers of the public money, at those important points where it

should accumulate much beyond the current expenditures.

But that plan does not appear to be incorporated into the bill before me.

In reply to the third question, I would state, that no "new buildings" seem to be contemplated by this bill, nor have any been considered necessary by this department.

In answer to the fourth enquiry, "what will be, as nearly as he can estimate it, the annual expense of the system—what the salaries to be paid to the officers—or what will be the commissions to which they will be entitled?"—the following statement is presented:

As the bill now stands, in the fourth section an allowance exists which covers all the additional expenses authorised by its provisions.

That allowance is not considered as sanctioning any commissions, or any new salaries, to any of the keepers of the public money.

But if independent commissioners or agents had been authorised, as proposed in one of the plans submitted by the department for consideration, it was estimated that their number need be only from four to ten, and their salaries not exceed on an average \$2000 annually, without commissions.

That plan not being adopted, the only additional expenses of the system annually, as permitted by the above section in the present bill, would be "for clerks, fire-proof chests or vaults, or other necessary expenses of safe keeping, transferring and disbursing said moneys."

It is computed that, in all, from ten to twenty additional clerks may be necessary at the most important points of collection and disbursement. As the warrants paid at the places of the greatest receipts and disbursements do not generally exceed four or five per day, that number of clerks will probably be amply sufficient.

Fifteen, at \$1,000 salary per year, will be \$15,000; and it is not supposed that the compensation need, on an average, exceed that amount.

At a similar number of places, additional iron chests, safes, or vaults, may be necessary. But as they now exist at several ports and land offices, and the first cost of them will not have to be renewed annually, it is computed that the yearly expense for these will not exceed the sum of \$10,000.

The only other additional expenses contemplated will be some small items for blank books, transfers, &c.; but the last will probably not amount to any thing beyond, if it equal, what is now paid for conveying money to the banks from the land offices.

Should the treasurer, as recommended in my recent report on the finances, be permitted to receive money in advance for lands, at such points as may be selected by him for public convenience, little or no expense whatever will occur in transfers.

The whole additional expense under the bill mentioned is, therefore, computed not to exceed yearly the aggregate of \$25,000. Respectfully yours,

LEVI WOODBURY,
Secretary of the Treasury.

Hon. JAMES K. POLK,
Speaker of the House of Representatives.

PROCEEDINGS OF CONGRESS.

In Senate, Tuesday, October 3d, 1837.

SUB-TREASURY SYSTEM.

The senate having resumed the consideration of the bill imposing additional duties as depositories, in certain cases, on public officers,

Mr. Calhoun spoke at some length in support of his amendment.

[Mr. Calhoun's amendment, which was subsequently amended, constitutes Sect. 10 of the bill as it finally passed the senate.]

The question was then taken on the amendment of Mr. Calhoun, which was decided in the affirmative, as follows:

Yeas.—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Ala., Fulton, Grundy, Hubbard, King of Ala., Linn, Morris, Niles, Norvell, Pierce, Roane, Sevier, Smith of Conn., Strange, Walker, Wall, Williams, Wright, Young—24.

Nays.—Messrs. Bayard, Black, Clay of Ky., Clayton, Crittenden, Kent, King of Ga., Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Robinson, Smith of Inda., Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—23.

The question was then taken on the amendment offered by Mr. Rives, which was decided in the negative, as follows:

Yeas.—Messrs. Bayard, Black, Clay of Ky., Clayton, Crittenden, Kent, King of Ga., Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Smith of Inda., Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—22.

Nays.—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Ala., Fulton, Grundy, Hubbard, King of Ala., Linn, Lyon, Morris, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Conn., Strange, Walker, Wall, Williams, Wright, Young—26.

The amendment of Mr. Rives was a substitute for the whole bill, and authorized the reception of the bills of all specie-paying banks, not issuing notes of less amount than twenty dollars.

Mr. Preston moved to amend the bill by striking out the whole, and inserting a substitute, which requires of the secretary of the treasury to invest the public revenue in the most convenient incorporated banks, as special deposits.

The question was then taken on the amendment of Mr. Preston, and it was decided in the negative, as follows:

Yeas.—Messrs. Bayard, Black, Clay of Ky., Clayton, Crittenden, Kent, King of Ga., Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Smith of Inda., Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—22.

Nays.—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Ala., Fulton, Grundy, Hubbard, King of Ala., Linn, Lyon, Morris, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Conn., Strange, Walker, Wall, Williams, Wright, Young—26.

Mr. Buchanan moved an amendment requiring that a mode be prescribed for the payment of treasury drafts, which was agreed to.

Mr. Morris moved an amendment excluding the receipt of the notes of banks which issue notes of a less denomination than five dollars.

Mr. Strange moved to amend by making the proposition read not less than ten dollars.

The amendment of Mr. Strange was agreed to: *yeas*, 24—*nays*, 20.

The amendment, as amended, was then agreed to. No further amendment being offered, the bill was reported to the senate.

The question being then on the amendments, it was taken, and they were agreed to.

The question was then taken on ordering the bill to a third reading, and it was decided in the affirmative. *Yeas*, 25—*nays*, 23, as follow:

Yeas.—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Ala., Fulton, Grundy, Hubbard, King of Ala., Linn, Lyon, Niles, Norvell, Pierce,

Roane, Robinson, Sevier, Smith of Conn., Strange, Walker, Wall, Williams, Wright, Young—25.

Nays.—Messrs. Bayard, Black, Clay of Ky., Clayton, Crittenden, Davis, Kent, King of Ga., Knight, McKean, Nicholas, Prentiss, Preston, Rives, Robbins, Smith of Inda., Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—23.

SUB-TREASURY SYSTEM.

Monday, October 4.

The bill imposing additional duties as depositories in certain cases, on public officers, was read a third time, and the question being on its passage,

Mr. Clay of Ala., Mr. Webster, and Mr. Southard addressed the senate, after which, the question was taken on the passage of the bill, and decided in the affirmative, as follows:

Yeas.—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Ala., Fulton, Grundy, Hubbard, King of Ala., Linn, Lyon, Morris, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Conn., Strange, Walker, Wall, Williams, Wright, Young—26.

Nays.—Messrs. Bayard, Black, Clay of Ky., Clayton, Crittenden, Davis, Kent, King of Geo., Knight, McKean, Nicholas, Reynolds, Robbins, Smith of Inda., Southard, Swift, Tallmadge, Tipton, Webster, White—20.

[The following is the bill as it passed the senate.]

THE SUB-TREASURY BILL.

A bill imposing additional duties as depositories, in certain cases, on public officers.

Be it enacted, &c. That the treasurer of the United States, the treasurer of the mint and its branches, all collectors of the customs, and surveyors acting in that capacity, all receivers of public money, and postmasters, be, and they are hereby required to keep safely, without loaning or using, all the public money collected by them, or otherwise, at any time placed in their possession, till the same is ordered by the proper department to be transferred or paid out; in which cases, the transfers and payments shall be faithfully made by them as directed, and all other duties performed as fiscal agents, which may be imposed by this or former acts of congress, or by any regulation of the treasury department, made in conformity thereto.

Sec. 2. And be it further enacted, That all marshals, district attorneys, and others, having public money to pay over, and all patentees wishing to make payment to the United States, may make the same to the treasurer in this city, or to the mint and its branches, when near or convenient; and when not, may deposit the same with such collector, receiver, or other depository, as may be more conveniently situated, and may be selected for that purpose by the secretary of the treasury.

Sec. 3. And be it further enacted, That whenever the public money in the possession of any depository, by collection, transfer, or payment, shall be inconveniently situated for public use, or shall accumulate so as to exceed the amount of the existing bond of any such officer, any part of it, or the excess (as the case may be) shall either be drawn out for payments, or be transferred elsewhere to some other depository; or the secretary of the treasury shall require such additional security as may be considered proper and safe; and in the meantime, bonds, new and suitable in their terms, shall in all cases, at as early a day as possible, after the passage of this act, be required of all depositories, in such sums and form as may be deemed reasonable and secure by the solicitor of the treasury, for the performance of all the duties required under the same or any previous laws.

Sec. 4. *And be it further enacted*, That the said officers, respectively, may be allowed any necessary additional expenses for clerks, fire-proof chests, or vaults, or other necessary expenses of safe-keeping, transferring, and disbursing said moneys; all such expenses of every character to be first expressly authorized by the secretary of the treasury, whose directions upon all the above subjects, by way of regulation and otherwise, are to be strictly followed by all the said officers.

Sec. 5. *And be it further enacted*, That the secretary of the treasury shall be, and is hereby authorized to cause examination to be made of the books, accounts, and money on hand, of the several officers charged by this act with the safe keeping, transfer, and disbursement of the public moneys; and for that purpose to appoint special agents, as occasion may require, with such reasonable compensation as he may allow, to be fixed and declared at the time of each appointment; which said examinations, in all cases where the sum on hand usually exceeds three fourths of the amount of the officer's bond, shall not be made less frequently, than once in each year, and as much more frequently, in those and all other cases, as the secretary, in his discretion, shall direct. The agents selected to make these examinations shall be instructed to examine, as well the books, accounts, and returns of the officer, as the money on hand, and the manner of its being kept, to the end that uniformity and accuracy in the accounts, as well as safety to the public moneys, may be secured thereby.

Sec. 6. *And be it further enacted*, That, in addition to the examinations provided for in the last preceding section, as a farther guard over the public moneys, it shall be the duty of each naval officer and surveyor, as a check upon the collector of the customs of their respective districts, of each register of a land office, as a check upon the receiver of his land office; and of the director and superintendent of each mint and branch mint, as a check upon the treasurer, respectively, of the said mints, at the close of each quarter of the year, and as much more frequently as they shall be directed to do so by the secretary of the treasury, to examine the books, accounts, returns, and money on hand, of the collectors, receivers, and treasurers, and to make a full, accurate, and faithful return to the treasury department of their condition.

Sec. 7. *And be it further enacted*, That the secretary of the treasury shall, with as much expedition as the convenience of the public business and the safety of the public funds will permit, withdraw the balances remaining with the late and present depositories of the public moneys, and confine the safe-keeping, transfer, and disbursement of those moneys to the depositories established by this act.

Sec. 8. *And be it further enacted*, That, for the payment of the expense authorized by this act, a sufficient sum be, and the same is hereby appropriated to be paid out of any money in the treasury not otherwise appropriated.

Sec. 9. *And be it further enacted*, That all officers charged by this act with the safe-keeping, transfer, and disbursement of the public money, are hereby required to keep an accurate entry of each sum received, and of the kind of money in which it is received, and of each payment or transfer, and of the kind of currency in which they are made; and that if any one of the said officers shall convert to his own use, in any way whatsoever, or shall use by way of investment in any kind of property or merchandise, or shall loan, with or without interest, any portion of the public moneys entrusted to him for safe-keeping, disbursement, transfer, or for any other purpose, every such act shall be deemed and

adjudged to be an embezzlement of so much of the said moneys as shall be thus taken, converted, invested, used, or loaned, which is hereby declared to be a high misdemeanor; and any officer or person convicted thereof before any court of the United States of competent jurisdiction, shall be sentenced to imprisonment for a term of not less than two, nor more than five years, and to a fine equal to the amount of the money embezzled.

Sec. 10. *And be it further enacted*, That from and after the 31st day of December, eighteen hundred and thirty-eight, the resolution of eighteen hundred and sixteen, authorizing the receiving of notes of specie-paying banks in dues to the government, shall be so repealed that only three fourths of the amount due to the government, for duties, taxes, sales of public lands, or other debts, may be received in the notes of specie-paying banks; and that from and after the 31st day of December, eighteen hundred and thirty-nine, one half may be so received; and from and after the 31st day of December, eighteen hundred and forty, one fourth—*Provided*, That the notes of no bank shall be received which shall refuse to receive, in payment and deposit, at par with gold and silver, such treasury notes, or bills, as congress shall authorize to be received by law in the public dues—*Provided further*, That no bank notes of a less denomination than ten dollars, or which note shall not be payable where issued, shall be receivable into the treasury of the United States; and from and after the 31st day of December, eighteen hundred and forty-one, all sums due for duties, sales of public lands, or other debts due to the government, and all payments to the general post office, shall be paid in gold and silver coin only, or in such notes, bills, or paper, issued under the authority of the United States, as may be directed to be received by law; and from and after the said 31st day of December, in the year eighteen hundred and forty-one, every officer or agent engaged in making disbursements on account of the United States, or of the general post office, shall make all payments in gold and silver coin only, or in such notes, bills, or paper, issued as aforesaid, when authorized by law; and any receiving or disbursing officer or agent, who shall neglect, evade, or violate the provisions of this section, shall be dismissed the service, and shall forfeit all compensation which may then be due him.

Sec. 11. *And be it further enacted*, That it shall be the duty of the secretary of the treasury to prescribe regulations to enforce the speedy presentation of all government drafts, for payment, at the place where payable; and to prescribe the time, according to the different distances of the depositories, within which they shall be presented for payment; and, in default of such presentation, to prescribe any other mode and place of payment which he may deem proper.

House of Representatives, October 13.

DIVORCE BANK BILL.

The first business in order was the "bill imposing additional duties as depositories, in certain cases upon public officers."

The bill had been reported from the committee of the whole about half past 12 o'clock last night without amendment, and the question was on concurring therein by the house.

Mr. Williams of Kentucky obtained the floor; and, intimating that he did not wish to make a speech, he moved to lay the bill on the table.

Mr. Clark of New York asked the gentleman to withdraw the motion, to allow him to make a brief explanation.

Mr. Williams enquired if the gentlemen wished to make a speech.

Mr. Clark replied in the negative.

Mr. Williams would withdraw the motion if the gentlemen would renew it.

Mr. Clark pledged himself to do so, and went on to say that he did not rise to discuss the merits of this bill, but to give, very briefly, the reasons that would induce him to vote to lay it on the table. This measure, as an administration measure, was a novel one; for in 1834 and 1835 it was distinctly a favourite measure with the whigs. Now, so far as the leading party press in New York, Albany Argus and others, which give tone and vigour to public opinion, they had the subject under discussion, but there had been, as yet, no general expression of opinion by either the press or the people in their primary assemblies. In a word, public attention had not been directed to it. To be sure, there were some country conventions, which had given expressions of opinion in favour of it; and no one paid more deference to such an expression, when properly designated, than himself; but coming before the public as they have done, they are not entitled to any great weight, nor do they give any evidence of public opinion, and Mr. C. was therefore acting in the dark on this subject. Whatever might be his individual views in relation to this bill, even if he were opposed to it, yet if a majority of his constituents were in favour of it, he should, with the utmost pleasure, as in duty bound, resign his seat or carry their will into execution. But he had no evidence that a majority of his constituents were in favour of it, for he had been unfortunately in a situation not to ascertain their views, having been separated from them for some time.

Mr. C. should therefore vote to lay this bill on the table, on the same grounds as he would to postpone it till the next session, and in the mean time, he would return to his constituents, and if they were in favour of it, he should then certainly vote for it.

Mr. C. must say that he saw no necessity for pressing this bill at this particular time, for it was only six weeks before they would be in session again. Besides, the government was now going on under this very system, and if this bill should pass, all the government would obtain by it would be the appointment of a few officers. There was no necessity, therefore, for pressing this bill at this time, and, for one, he should be very happy to return home first, and ascertain the views of his constituents.

For these reasons, Mr. C. said he should vote to lay the bill on the table, and according to his promise, he renewed the motion to that effect.

Mr. Connor then moved a call of the house, and upon the motion asked for the yeas and nays which were ordered, and were—yeas 186, nays 5.

The call being ordered, was proceeded in, through several stages, till 222 members had responded to their names, when, on motion of Mr. Chambers of Kentucky, it was suspended—171 to 30.

The question then recurring to lay the bill on the table, thereupon, Mr. Greenell asked for the yeas and nays, which were ordered.

Mr. Lewis asked the gentlemen who made the motion to withdraw it, so as to permit an amendment to be submitted, which would put the bill in a form less objectionable to a number of members.

Mr. Williams should like, he said, very much to accommodate the gentlemen, but there were a dozen others who would also wish to be accommodated in the same way; and he, therefore, could not assent to the request.

Several gentlemen wished to have the amendment

read, but it was ruled to be out of order pending the motion to lay on the table.

The question was then taken, and decided in the affirmative—yeas 120, nays 107, as follows:—

Yeas—Messrs. Adams, Alexander, H. Allen, John W. Allen, Ayer, Bell, Biddle, Bond, Borden, Briggs, W. B. Calhoun, John Calhoun, W. B. Campbell, John Campbell, Wm. B. Carter, Casey, Chambers, Cheatham, Childs, Clark, Clowney, Corwin, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Elmore, Everett, Ewing, R. Fletcher, Fillmore, J. Garland, Rice Garland, Goode, J. Graham, Wm. Graham, Graves, Grennell, Griffin, Halestead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, Henry Johnson, W. C. Johnson, Kilgore, Lawler, Legare, Lincoln, A. W. Loomis, Lyon, Mahony, Marvin, J. M. Mason, S. Mason, Maury, May, Maxwell, Meade, Mercer, Milligan, M. Morris, C. Morris, Naylor, Noyes, Ogle, Patterson, Patton, Pearce, Peck, Phillips, Pope, Potts, Rariden, Randolph, Reed, Rencher, Richardson, Ridgway, Ramsey, Russell, Sawyer, Sergeant, A. H. Sheppard, C. Shepard, Shields, Sibley, Slade, Smith, Snyder, Southgate, Stanley, Stewart, Stone, Stratton, Taliaferro, Thompson, Tillinghast, Toland, Underwood, A. S. White, J. White, E. Whittlesey, L. Williams, Sherred Williams, J. Williams, C. H. Williams, Wise, Yorks—120.

Nays—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Bouldin, Broadhead, Bronson, Bruyn, Bynum, Cambreleng, T. J. Carter, Chaney, Chapman, Cilley, Claiborne, Cleveland, Coles, Connor, Craig, Cushman, Davee, De Graff, Duncan, Edwards, Farrington, Fairfield, Isaac Fletcher, Foster, Fry, Gallup, Gholson, Glascock, Grant, Gray, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Holsey, Howard, Hubley, W. H. Hunter, Robert M. T. Hunter, Ingham, T. B. Jackson, J. Jackson, J. Johnson, Nathaniel Jones, J. W. Jones, Kemble, Klingensmith, Leadbeater, Lewis, Logan, A. Loomis, Martin, M'Kay, R. M'Callan, A. M'Callan, M'Clure, M'Kim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenburg, Noble, Owens, Palmer, Parmenter, Paynter, Pennypacker, Petriken, Pickens, Plumer, Potter, Pratt, Prentiss, Reiley, Rives, Robertson, Sheffer, Shipley, Spencer, Taylor, Thomas, Titus, Toucey, Towne, Turney, Vail, Vandervoer, Wagener, Webster, Weeks, Thomas T. Whittlesey, J. W. Williams, Worthington, Yell—107.

So the bill was laid on the table.

Some conversation then arose as to whether a motion would be in order, and when, to take up the bill again—Mr. Lewis wishing to make that motion, but it was ruled to be out of order, and that there was no other way of reaching the subject then but by a motion to reconsider; whereupon Mr. Rencher made that motion.

Mr. Borden moved to lay the motion to reconsider on the table, and called for the yeas and nays, which were ordered, and were—yeas 119, nays 106. So the motion to reconsider was laid on the table.

From the Philadelphia Gazette.

AN ELECTION TRICK.

Some person in this city, for a political purpose, forged a letter, purporting to be from Mr. Biddle, president of the United States Bank of Pennsylvania, to a person named Brewster, in Huntingdon county, N. J. offering him money to carry on the elections, not stating on which side he wished the said Brewster to operate, but wishing apparently to remunerate him for his zeal, which ever way he laboured. Brewster bowed

toward the Dansean seduction; there was no committee of safety to arrest the temptation; and the recipient of the epistle, being evidently as great a rascal as the writer, set at once about making himself useful. He answered the letter, addressing the response to Mr. Biddle, by whom a reply was forwarded with much more promptitude doubtless than the writer is accustomed to use in most cases, with any one. It is too good to omit here.

Philadelphia, Sept. 27, 1838.

Sir,—I have received a letter from you dated the 19th ult. in which you mention my having written to you before about the elections, and offer yourself to me as one "whose business affords excellent opportunities for operations," in these elections. As I have not the advantage of ever having seen or heard of you, and am quite ignorant for what side of the elections it is that you wish my interference, I take it for granted, that you have been imposed upon by others, or are endeavouring to impose on me. The only notice, therefore, that your letter seems to require at my hands, is to say, that I have never written to you, or any body else, a single line about the elections; that I know nothing, and care nothing about the elections, and that if any letter, such as you mention has been received, in which my name has been used, it must be a forgery.

Respectfully yours,

N. BIDDLE.

Mr. E. Brewster, Milford, N. J.

The best part of the original letter is, that it offered five hundred dollars for the personal services of Mr. Brewster in the cause: ("what to do, he need not tell him—and he didn't") to arrange which vast transaction, Mr. Jaudon was coming over from London, and would be on the spot in Hunterdon, when the funds were wanted!!! The veriest idiot, one would have supposed, might have noted the hoax; but the unsophisticated Mr. Brewster relied upon it as upon a promise of holy writ. We pass over his golden dreams o' nights, and his election plans by day. The upshot of the business must have punished him sufficiently, not merely for his dalsness, but his tremulous virtue.

The democratic executive whig committee of Hunterdon county, after being apprised that copies of the letter were circulating in that quarter, addressed a note to Mr. Biddle, one sentence of which runs thus:—"Desiring no assurance from you for our own satisfaction that it is a vile and stupid forgery,—yet, knowing the ignorance of some, and the credulity of many, we would be obliged to you to state to us if such a letter was written or authorised to be written by you." We subjoin his reply:—

Philadelphia, Oct. 3, 1838.

Messrs Jas. N. Reading and others,
Flemington, N. J.

Gentlemen,—I have received your favour of the 26th ult. with a copy of a letter purporting to be from me to a Mr. Brewster. It is scarcely necessary to say, that this is a clumsy forgery. I am made to write a letter to a person I never heard of, and my letter is signed for me by a private secretary whose name is equally unknown to me. This is a poor sort of a party warfare; but these small politicians will pass counterfeit letters, as higher knaves pass counterfeit notes,—to defraud the community.

I annex a copy of my answer to the letter of this Mr. Brewster, which will explain itself.

Very respectfully yours,

(Signed)

N. BIDDLE.

There is nothing to add to this,—unless it be the intimation of an idea that the author of the original letter

should consider it a very fortunate circumstance that he is permitted to wear his long, anonymous ears, in private.

CORN TRADE OF GREAT BRITAIN.

The great interest felt in this country (says the Philadelphia Commercial list) in relation to the crop of wheat in England, and the relative duties accruing on foreign wheat imported into that country, has induced us to publish the following authentic regulations, under which the corn trade of Great Britain is at present conducted:—

Abstract of Act 9 of George IV. Chapter 60.

And whereas it is expedient that corn, grain, meal, and flour, the growth, produce, and manufacture of any foreign country, or of any British possession out of Europe, should be allowed to be imported into the United Kingdom for consumption, upon the payment of duties to be regulated from time to time, according to the average price of British corn, made up and published in manner hereinafter required: *Be it therefore enacted*, That there shall be levied and paid to his majesty, upon all corn, grain, meal, and flour, entered for home consumption in the United Kingdom from parts beyond the seas, the several duties specified and set forth in the table annexed to this act; and that the said duties shall be raised, levied, collected and paid, in such and the same manner, in all respects, as the several duties of customs mentioned and enumerated in the table of duties of customs inwards annexed.

If Imported from any Foreign Country.

WHEAT.—According to the average price of wheat, made up and published in manner required by law, *videlicet*:—

	£	s	d
Whenever such price shall be 63s. and under 63s. the qr. the duty shall be per qor.	1	4	8
When the price is 63s. and under 64s.	1	3	8
" 64s. " 65s.	1	2	8
" 65s. " 66s.	1	1	8
" 66s. " 67s.	1	0	8
" 67s. " 68s.	0	18	8
" 68s. " 69s.	0	16	8
" 69s. " 70s.	0	13	8
" 70s. " 71s.	0	10	8
" 71s. " 72s.	0	6	8
" 72s. " 73s.	0	2	8
When the price is or above 73s.	0	1	0
When under 62s. and not under 61s.	1	3	8

And in respect to each integral shilling, or any part of each integral shilling, by which such price shall be under 61s. such duty shall be increased 1s.

From the Natchez Free Trader.

RESUMPTION IN MISSISSIPPI

To the Editor of the Mississippian.

JACKSON, Sept. 26, 1838.

SIR,—Please publish the following Resolutions, passed at a meeting of the Directors held this day, viz:—

Resolved, that the resolutions of the banks of New Orleans, fixing the first Monday in January next for the resumption of Specie payments, meets the cordial approbation of this board.

Resolved, That the Mississippi Union Bank having negotiated its bonds for five millions in good silver, is prepared to commence and continue its operations as a specie-paying bank.

Resolved, That this bank experiencing the inconvenience of issuing its notes payable on demand, whilst the banks of this and the surrounding States are not redeeming their notes in specie, invites the co-operation of the other banks of this State in fixing as early a day as practicable for the general resumption of specie payments.

Resolved, That the post-notes of this bank will be received at its counter for all dues to the bank, in the same manner as if payable on demand.

Resolved, that the post-notes of this bank will be received in all exchange operations at the same rates as if payable on demand.

Resolved, That the president of this bank open a correspondence with the banks of the states of Alabama, Tennessee and Arkansas, as well as the banks of this State, for the purpose of meeting in convention on the 1st Monday of December next, at the city of Vicksburg, that harmony and concert of action may be secured in bringing about a general resumption of specie payments simultaneously with the banks of the city of New Orleans.

Ordered, That the above resolutions be published in the papers printed in the City of Jackson.

Extracted from the minutes,

W. P. GRAYSON, Cashier.

Brighter Prospects Ahead.—A Day for the Resumption of Specie Payments Fixed. We give below the resolutions of the presidents of the banks of this city, from which it will appear that the Natchez banks have fixed on the first Monday of January next, as a day for the resumption of specie payments. They have also seconded the resolution of the President and Directors of the Union Bank, recommending a Convention of the banks of Alabama, Tennessee, Arkansas, and Mississippi, to be holden in Vicksburg early in November next. For several weeks past, it has been intimated to us that the banks of this city would resume on the first of January, and we believe the reason why this decision was not made at an earlier day, was, because they wished rather to assist than to crush the weaker institutions of our state. Whether all the interior chartered banks will be able to resume, is a doubtful question; but if they ever had any solid basis to commence on, they will doubtless be able to make an arrangement with the river banks, to take their paper at par, which would be tantamount to a resumption in part.

Away then, with our thousand and one unchartered shaving shops, or shiplaster concerns. They will all fly out of circulation, as fast as a feather does to the human eye when struck by a whirlwind. There cannot be less than fifty of these unlawful institutions at present in existence, many of the notes of which will not pay a traveller's bill in the very towns in which they are issued.

We rejoice, heartily rejoice, in the prospects of soon having a currency worthy of Mississippi—a currency that will make us feel proud at home and respected abroad—a currency creditable to a state whose annual product is nearly twenty millions of dollars, and that product too the very article which regulates the exchanges.

The resumption of specie payments by the banks north of us, was followed by no very heavy draw of specie. We fear, however, that we are differently situated, having to purchase nearly all our supplies of provisions from Kentucky, Ohio, Indiana, and Illinois, the boatmen will be anxious to get specie, unless our banks provide themselves (and we sincerely hope they will) with exchange on Louisville and Cincinnati. They need have no fear for our own citizens, because it is a settled principle amongst Mississippians, when

those institutions do all they can, not to pull down, but rather to aid them.

At a meeting of the presidents of the banks of this city, held at the Planters' Bank on the 5th day of October 1838, the following resolutions were adopted:

Resolved, That the first Monday in January next, be recommended to the banks of this state, as a suitable day for the resumption of specie payments.

Resolved, That the banks of this state be invited to send a delegate from each, to confer with the banks of this city, at a general meeting to be held on Monday, the 5th day of November next, at the city of Vicksburg, for the purpose of deliberating on said recommendation.

Resolved, That the secretary be requested to send a copy of these resolutions to the several banks of this state, and request their attendance and co-operation at such proposed meeting.

Resolved, That the banks then represented, accept the invitation of the Mississippi Union Bank, to attend a general convention of the banks of this state, of Arkansas, Tennessee, and Alabama, at Vicksburg, on the first Monday in December next, for the purpose of effecting unity and concert in the resumption of specie payments.

ELI MONTGOMERY, Ch'n.
L. K. MARSHALL, Sec'y.

RESUMPTION IN TENNESSEE.

The Nashville Whig says,—"On the first of January, a full and complete resumption will take place by all the banks of Nashville, and their branches. This fact we have from unquestionable authority, and in a few days hope to lay before our readers, officially, a resolution to the same effect."

RESUMPTION IN FLORIDA.

APALACHICOLA, Oct. 17.

The So. Life Ins. and Trust Co. Bank of Florida commenced specie payment at the office of the principal Bank of St. Augustine on the 1st inst. This is a good beginning, and fully redeems the pledges of the officers given last summer. When will the Union Bank resume?

The Jacksonville Bank, East Florida, has resumed specie payments.

RESUMPTION IN ALABAMA.

The Mobile Chronicle contains the agreeable information that committees from each of the City Banks had held a meeting on the 17th October, when it was determined to resume specie payments in full on the first of January next.

BANKS OF VIRGINIA.

	Jan. 1, 1835.	Jan. 1, 1836.	Jan. 1, 1837.
Capital, . . .	\$5,694,500	8,511,300	6,731,200
Loans, . . .	11,086,531	14,329,680	17,705,186
Specie, . . .	1,216,694	1,552,528	1,617,861
Deposits, . . .	2,987,313	3,668,404	4,092,387
Circulation, . . .	5,813,168	8,182,763	9,333,178
Deposits and Circulation combined, {	8,800,481	11,731,177	13,425,765

THE SOUTH-WESTERN RAIL-ROAD BANK.

Books of subscription to the stock of this bank, were opened at Charleston on the 22d October, and up to two o'clock nine thousand five hundred shares in the bank were subscribed, which, when the whole amount

shall be finally paid up, will be equal to one million of dollars. A slip from the Charleston Mercury says:—

"The books will continue open at the same place for thirty days, when they will be finally closed. From the anxiety manifested to obtain shares in the bank, very little doubt can now be entertained that the whole amount of the stock will be taken up. The City Council and other corporations in this city, and several individuals of large property, have come forward promptly and set the good example, by subscribing for the whole amount of the shares to which they are entitled, so that the prospects are cheering. We understand that arrangements have been made for bringing home immediately in specie, so much of the loan lately effected by General Hamilton, as may be necessary to put the Rail Road Bank in operation without embarrassment to our other moneyed institutions."

From the New Orleans Bee.

CONDITION OF THE BANKS OF NEW ORLEANS.

Extract from the statement of the situation of the New Orleans Banks, on the 1st of October.

	Circulation.	Specie.
Canal Bank	\$ 167,055	\$ 76,625
Carrollton Bank	624,755	171,472
Citizens' Bank	38,545	389,711
City Bank	575,005	203,711
Commercial Bank	508,525	422,254
Consolidated Bank	216,225	76,353
Exchange Bank	462,695	37,460
Gas Bank	654,850	200,304
Improvement Bank	747,210	199,269
Louisiana Bank	162,052	307,948
Louisiana State Bank	103,190	145,250
Mechanics' and Traders' Bank	612,275	185,750
Merchants' Bank	62,285	337,116
Orleans Bank	422,846	205,460
Union Bank	1,293,230	636,430
Atchafalaya Bank	195,105	36,013
Total	\$ 6,876,848	\$ 3,642,127
Deduct the notes held by the different banks on this day 2,027,225		
Actual Circulation,	\$ 4,849,623	

IMPORTANT LAW DECISION,

Relative to the Bank of the United States.

On the 1st of August 1837, Mr. Charles Kuhn presented a post note of the bank due that day for 3,435 dollars, and demanded gold or silver in payment from the bank, which was refused, and the note was protested for such refusal. On the 23d of November, 1837, a second demand of payment was made by suit instituted in the District Court for the city and county of Philadelphia, to December term, 1837, the writ in which was served the 24th of November, a copy of the note being filed in the prothonotary's office when the writ issued. The application to the judge was made and allowed on the 24th of November, 1837, and notice given to the bank the next day to appear on the 9th of December following; and on the 27th of November, after suit, and after notice of the application to the judge, the money due on the note, together with twelve per cent. interest, was paid, and the note delivered up.—*Pennsylvanian of Jan. 5.*

An application was some time since made to the Hon. John H. Jones, associate judge of the court of common pleas, to take testimony to show that the

United States Bank had violated its charter by refusing to pay its notes on demand. Upon the return of the citation, the counsel for the bank contended that the applicant (Mr. Charles Kuhn) had no right to this procedure, inasmuch as the bank had fully paid him in gold, with twelve per cent. interest, the amount of the notes held by him, payment of which had been refused; and *secondly*, that the application only alleged one refusal by the bank, and the act of assembly contemplated a second demand and refusal. These positions were contested by Mr. Kuhn's counsel, who further argued that the judge had no right to entertain these objections, his duty being merely ministerial in the matter, and not judicial. His honour Judge Jones yesterday delivered his opinion at length, and with great perspicuity, denying to the applicant the right to make the proof, and deciding—1st. That the duties of the judge, as directed by the act of assembly, were judicial and not merely ministerial. 2d. That as Mr. Kuhn had been paid, and the notes had been surrendered to the bank, he was not the owner and proprietor, and no other had the right to proceed; and 3d. That the act of assembly contemplated a second demand and refusal, which had not been made in this case. For these reasons, the application was denied.—*Sentinel of Jan. 4.*

The section of the act of the Pennsylvania legislature, under which the proceeding was instituted, is as follows.

"ARTICLE 7. If the said bank should, at any time, refuse to pay any of its notes, bills, obligations, or deposited moneys, in gold or silver, then at, or after the expiration of three months from, the time of first refusal of said bank to pay as aforesaid, it shall and may be lawful for the holder or proprietor of the same to make application, in writing, to any judge of any court in the proper county, to allow him or her to make proof of said refusal, on oath or affirmation, by one or more disinterested witness or witnesses, before said judge, whose duty it shall be to give at least ten days' notice to the president or cashier of said bank of the time and place of making such proof, in order that an opportunity may be afforded for rebutting the same by testimony; and if the facts be substantiated, it shall be the duty of the said judge to reduce the same to writing, and to transmit the same to the governor; and it shall be the duty of the governor, immediately on the receipt of the written proof above specified, to issue his proclamation, declaring the charter of the said bank to be forfeited; and from and after the tenth day after the date of the said proclamation, the charter of the said bank shall be absolutely null and void, and of no effect whatsoever, except that the said bank shall be liable, in its corporate capacity, for the fulfilment of all contracts previously made and entered into by it; and the stockholders thereof shall have power to elect directors as usual, and be capable of compelling the fulfilment of any contract entered into with said bank, previously to the date of the said forfeiture."

LEGAL DECISION.—A case involving the criminality of passing counterfeit "small bills" on the banks of other states, came before the circuit court held last week at Elmira. The prisoner was arraigned on an indictment for paying out a spurious three dollar note on a Massachusetts bank, and discharged by Judge Monell, on the ground that the statute considers all such bills valueless. Thus, with laws that we do not want, and without those the public good requires, the unblushing rogue pushes his way through the world, not only with impunity, but absolutely triumphant.—*Heron's (Chemung) Republican.*

TREASURY DEPARTMENT,
October 20, 1838.

Notice is hereby given, that all the outstanding treasury notes, which bear date on or before the 21st day of May, 1838—being those issued in pursuance of the act of congress, of the 12th of October, 1837—will now be paid, on presentation at the treasury, in advance of the period on which they fall due.

Each parcel of notes offered for payment should be accompanied with a schedule showing the dates and sums of the several notes, and the rates of interest thereon.

Holders will be accommodated with drafts payable at or near their places of residence whenever practicable.

LEVI WOODBURY,
Secretary of the Treasury.

TREASURY DEPARTMENT,
November 1, 1838.

The whole amount of treasury notes authorized by the act of Oct. 12, 1837, has been issued, viz:

\$10,000,000 00

There has been redeemed of them about 7,581,490 00

The new emissions made in place of those under the act of May 12, 1838, have been only 5,709,810 01

There have been returned into the treasury of these last about 118,560 00

This leaves a balance of all outstanding equal to only 8,009,760 01

LEVI WOODBURY,
Secretary of the Treasury.

THE CORN CROP.—The corn crop in Illinois and Missouri is represented to have been very abundant, as is also the case in the territories. A contractor has purchased upwards of thirty thousand bushels to be delivered on the banks of the upper Missouri, at the rate of fifteen cents; and had an offer of seven thousand bushels at twelve and a half cents.

MOBILE, Oct. 15.

The continued lowness of the rivers has prevented the arrival of much cotton from the interior. During the past week, however, several hundred bales were brought down.

Some of the new crop was bought up with avidity at the following quotations: 14½ cents; 248 at 14 c. 21 at 13½ c.; 280 at 13½ c.; 65 at 13 c.; 17 at 12 c.; and a few bales old at 9½ to 10 cents.

October 16.

MONEY MARKET.—Never have our business men been so much pressed for money as at present. The restrictive course pursued by our city banks, to place themselves in a condition to resume, has almost drained the city of money; and owing to the non-arrival of cotton, remittances from the interior have entirely failed. This state of things will however cease, as soon as cotton comes in freely, as the indebtedness of our merchants to the banks in the form of accommodation, is much less than at the same period of former years, consequently, the usual amount of cotton sales, will make money for ordinary business purposes abundant.—*Examiner.*

PROOF OF OVERTRAIDING IN 1836.—The Boston Daily Advertiser says: We are indebted to a mercantile friend, for a comparative statement of the exports of cotton and woollen goods from Liverpool to the principal ports of the United States, within the three last summers. According to this statement, the quantities of the articles named, exported in the respective years,

from April to September inclusive, were as follows, viz:—

PACKAGES OF COTTON GOODS.					
	To N. York.	Philad.	Baltimore.	Boston.	Total.
1836,	15,656	2,027	528	1,949	20,140
1837,	1,638	140	41	23	1,842
1838,	4,705	932	540	330	6,507

WOOLLEN GOODS.					
1836,	12,561	2,342	1,474	1,621	18,096
1837,	3,107	903	369	21	4,400
1838,	5,163	1,210	844	285	7,502

WOOLSTED STUFFS.					
1836,	4,826	271	175	1,415	6,687
1837,	2,169	532	122	167	2,990
1838,	3,613	452	90	221	4,376

SLIMENTS.					
1836,	3,213	716	138	294	4,361
1837,	1,755	183	123	48	2,109
1838,	1,078	101	45	76	1,300

From the New York Price Current.

EXPORT OF COTTON TO FOREIGN PORTS,

From 1st October, 1837, to 30th September, 1838.

FROM	To Great Britain.	To France.	To North America.	Other Ports.	Total.
New Orleans.	481,601	127,803	7,580	14,298	631,437
Mobile.	15,246	61,123	3,988	1,210	82,567
Albany.	138,029	2,340	560	12	140,941
Florida.	31,392	27,084	560	632	58,668
Georgia (Savannah and Darien).	201,592	55,685	28,853	3,717	290,047
South Carolina.	186,212	4,279	19,205	651	211,347
North Carolina.	12,205	4,136	2,446	78	19,865
Virginia.	2,240	485	905	282	3,912
Baltimore.	2,954	42,999	18,186	3,820	68,059
Philadelphia.	97,005	50	483	483	98,061
New York.	1,165,157	391,480	63,099	25,890	1,645,626
Total last year.	850,796	260,722	26,437	30,480	1,168,435
Increase.	314,363	90,758	36,662	4,585	407,368
Decrease.					

GROWTH.

	Bales.
Total crop of 1824—5	560,000
1825—6	710,000
1826—7	937,000
1827—8	712,000
1828—9	857,744
1829—30	976,612
1830—1	1,038,848

	Bales.
Total crop of 1831—2	987,477
" 1832—3	1,070,438
" 1833—4	1,205,394
" 1834—5	1,254,328
" 1835—6	1,360,725
" 1836—7	1,422,930
" 1837—8	1,801,497

CONSUMPTION.

Total crop of the United States, as above stated, 1,801,497

Add—

Stocks on hand at the commencement of the year (1st Oct. 1837)—

In the southern ports, 61,770
In the northern ports, 14,050

75,820

Makes a supply of 1,877,317

Deduct therefrom—

The export to foreign ports, 1,575,629

Off foreign cotton included, 281

1,575,348

Stock on hand at the close of the year (Oct.

1, 1838)—In southern ports, 24,570

In northern ports, 15,735

40,305

Burnt and lost at New Orleans, 12,491

" Vicksburg, 1,170

" Selma, 1,600

" Columbia, 340

15,601

1,631,254

Quantity consumed by and in the hands of manufacturers, 1837—8 246,063

" " 1836—7 222,540

" " 1835—6 236,773

" " 1834—5 216,888

" " 1833—4 196,413

" " 1832—3 194,402

" " 1831—2 173,800

" " 1830—1 182,142

" " 1829—30 126,512

" " 1828—9 118,853

" " 1827—8 120,593

" " 1826—7 103,483

NOTE.—Our present statement of the cotton crop shows a large increase over that of last year; but it will be recollected that the crisis of that year prevented a large quantity from coming to market, equal probably to 150,000 bales, which remained in the interior and actually belonged to the crop of 1836—7. Under this view of the subject, the crop of 1836—7 would have been about 1,570,000 and that of 1837—8 about 1,850,000 bales.

It will be seen also that we have deducted from the New Orleans statement, the quantity received at that port from Texas—that being a foreign country.

Our estimate of the quantity taken for consumption, does not include any cotton manufactured in the states south and west of Virginia, nor any in that state, except in the vicinity of Petersburg and Richmond.

SALES OF STOCK AT PHILADELPHIA.

November 19.

20 shares U. S. Bank,	121	100
10 " Kentucky Bank,	89	100
8 " "	83½	

200 shares Kentucky Bank, 60 days, b. c.	90	
23 " Planters' Bank, Tenn.	95	100
4 " Agricultural Bank,	95	100
50 " Wilmington Railroad,	47½	50
50 " "	47	
2 " "	47½	

SALES OF STOCK AT NEW YORK.

November 10.

200 shares U. S. Bank,	121	100
995 " Del. and Hudson Canal,	7½	70½
75 " Kentucky Bank,	89	89½
100 " Ohio Life and Trust,		104½
350 " Mohawk Railroad,	64½	63½
318 " Patterson Railroad,	53½	54½
1000 " Harlem Railroad,	55½	54½
145 " Boston & Providence R.R.,		103
150 " N. J. Railroad & T. Co.	101½	102
250 " Stonington Railroad,	41	42½
100 " Utica Railroad,	116½	116

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

November 10.

Bills on London, 60 days sight,	9¼ a 9½	p. cent. prem.
" France, "	5 20 a —	fr. p. doll.
" Holland, "	40½ a 40½	cts. p. guild.
" Hamburg, "	36 a 36½	cts. p. mch.
" Bremen, "	80 a 80½	cts. p. rix doll.
" Boston, at sight,	par a ½	discount.
" Philadelphia, "	½ a ½	do.
" Baltimore, "	½ a ½	do.
" Richmond, "	1 a 1½	do.
" N. Carolina, "	2 a —	do.
" Charleston, "	1½ a 2½	do.
" Savannah, "	2 a 2½	do.
" Augusta, "	2 a 2½	do.
" Mobile, "	3½ a 4	do.
" New Orleans, "	1½ a 1½	do.
" Louisville, "	2 a 2½	do.
" Nashville, "	5½ a 6	do.
" Natchez, "	6 a 6½	do.
" St. Louis, "	2½ a 3½	do.
" Cincinnati, "	1½ a 2½	do.
" Michigan, "	10 a 12	do.
" Detroit, "	4 a 5	do.
American gold,	7	premium.
do. new coinage,	par a ½	do.
Spanish dollars,	3 a 4	do.
Carolus do.	6 a 7	do.
Mexican dollars,	1 a 1½	do.
Half dollars,	par a ½	do.
Five-franc pieces,	94½ a 94½	cents each.
Doublons,	\$16 50 a \$16 60	do.
do. patriot,	15 60 a 15 68	do.
Sovereigns,	94 85	each.

TERMS.

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THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it.
Men in their bargains contract, not for denominations or sounds, but for the intrinsic value.—Locke on Money.

Vol. II.

WEDNESDAY, NOVEMBER 21, 1828.

No. 21.

HINTS ON BANKING, IN A LETTER TO A GENTLEMAN IN ALBANY.

BY A NEW YORKER.

Dr. M. T. T. T.
New York, February 17th, 1827.

DEAR SIR.—As you have done me the honour to solicit my opinion in reference to the true principles of banking, of which you profess yourself comparatively ignorant, I return you the following hints, which are at your service, and if they merit it, at that of the public.

I fully agree with you, that there is no subject which comes before our legislature in which the people at large have so deep an interest. Other laws touch but a portion of society, and, in general, that portion only which is interested in their enactment, and aware of their operation. Banking laws, on the contrary, operate upon all;—through the medium of the currency every man's interest is affected, and that in a manner so imperceptible, and yet so certain, that though he feel the evil he cannot foresee it; and even if he could foresee it he could not avoid it. The currency in short being, as it were, the life blood of society, which circulating through every limb and member, service disease or soundness to its smallest and extremest parts.

And if in a question, which is a vital one in every country, any distinction could be drawn in reference to one, it might be said to be pre-eminent important in our own, where the enterprise of the people, the rapid extension of commerce, and the freedom of circulation, like the plethoric fulness of youth, render a sound and healthy currency the only condition of health, and make an unsound one to run, with proportionate rapidity, into excitement, debility, and disease. Hence it is that we observe in our country, the greater frequency of individual failures and of general commercial revolutions, than is exhibited in most of the older countries of Europe, where something like the slow pulse of age seems to render comparatively innocuous those seeds of disease, which in our own warmer temperament, run out into unsound and feverish speculation.

At any rate, whatever be the cause, such at least is the fact, and as the evil is greater with us, so should be our diligence in examining its causes, and our caution in adopting a remedy. Nor is the injury inflicted upon us by an unsound currency confined to loss of wealth; national reputation abroad is also at stake; and as our character is peculiarly a commercial one, it becomes us to guard it with the greater scrupulousness against the existence of those causes which invariably lead to foreign embarrassments, to diminished credit, and too often to a loss of commercial honour.

With these views, no legislator can come to the task of deciding on banking privileges, but with a feeling of

deep responsibility, and none should come to it but with a resolution of sacrificing to the public good all partial and local interests. This is the moral qualification, without which the legislator, as he is unworthy of the confidence reposed in him, so is he incapacitated from seeing the truth when brought before him. His intellectual qualifications are more easily attained; since the principles of banking are much less mysterious in their nature than is generally supposed, and may be mastered with ease by any man of common understanding. Every thing depends on his looking at it in its original simplicity, since the mysteries of its operations are almost entirely the fruit of legislative interference, which in credit, as perhaps in many other things, has obscured those natural processes which, like all the other movements of nature, are clear, simple, and harmonious.

The first principle, therefore, upon which I would advise the legislator to make up his mind, is this: that all the evils of banking, beyond those which exist in other modes of business, flow from needless or unwise regulation. This is a fundamental position, and once fully received, constitutes the end at which the legislator is to aim. Under this principle, therefore, he takes up the subject of banking; not as some well-meaning statesmen have done, in the light of a great but necessary evil, for which, in their wisdom, they are to find competent remedies, and chain down as it were, the monster of paper money, lest he ravage the face of society—but he takes it up under the simpler form of credit, as one of the natural and obvious provisions of trade; one of the simple, but beautiful contrivances, by which men united together in the bonds of mutual confidence, economise the precious metals and anticipate future wants by taking promises in lieu of immediate payment.

This is the essence of the whole matter, and enumber or obscure banking as you will, with privileges or monopoly, it amounts in the end but to this—the regulation of credit. Now the question naturally arises—How does credit stand in need of all this regulation? How happens it to differ so far from every other business in which men engage, that while other trades flourish by liberty, and are led by the unerring instinct of self-interest into the wisest and safest course, that this alone should require to be directed and governed by the wisdom of others. The simple statement of this glaring inconsistency is almost sufficient to disprove the principle; for experience will teach us that nature is uniform, that instinct is always wise, and that self-interest left free to competition will reach the mark of public good; with a precision beyond all the wisdom of the wisest lawgivers. Let laws then but secure the integrity of contracts, and credit you may rest assured will take care of itself.

To this conclusion, therefore, the candid enquirer will first arrive—the business of credit, like every other business for which there is a demand in society, has its natural limits, and left to itself will regulate itself—will contract or expand with the varying de-

turned into fear, and fear into panic—and groundless apprehension be thus made the cause of extended ruin to the community. This indeed may be sound policy for the banks, but what is it for society. The ordinary aids of business are withheld, enterprises are checked in their commencement, commercial operations embarrassed in their progress, capital suddenly withdrawn from productive hands, from the manufacturer, the farmer, the artisan, and the trader, and credit curtailed through all its endless ramifications. The chain tightened at one end presses equally on every succeeding link; the bank presses the merchant, the merchant the trader, the trader his customers; so that the act of the bank operates like an electric shock, producing, at one and the same moment, a pressure for money through all the ranks of the community. Hence must result a train of commercial embarrassments as painful as they are unnecessary; money must be raised and sacrifices must be made, workmen must be dismissed and business curtailed, and if the pressure be continued long enough, failure and ruin must ensue—upon those first who have gone furthest upon credit, and through them upon even the prudent and the cautious.

The banks now continue from necessity what they began from choice; and congratulate themselves upon their wisdom in escaping a storm of their own raising. But while directors thus sit in safety, their narrowed discounts are working distress and suffering, and ruin among thousands; and must continue so to do until the panic is past—until confidence is slowly restored, and the channels of circulation again filled by increasing discounts; and thus passes the storm. But, to the reflecting mind, all things cannot be brought back to their former state. The community has lost much which can never be replaced; the sum of human happiness has been diminished, the amount of human griefs increased; for both of which, banking incorporations must stand debtor to the genius of humanity. The tide of commerce may again flow up to its accustomed limits, but where are the proud galleys that once navigated it? Is it nothing that the liberal and noble merchant has fallen untimely? Is it nothing in the account, the anxieties and fears, the broken fortunes and the broken hearts of men; and is it nothing, in fine, that to banking monopolies we owe, in a great measure, those tremendous convulsions of the commercial world which desolate society as with a scourge, and almost render commerce itself hateful to the contemplative and philanthropic mind?

But let us not confound things that are essentially distinct; these are evils that are imputable neither to banking nor to bankers, but solely to banks; they grow out, not of the business nor yet of the spirit with which it is carried on, but simply out of the form which legislatures have seen fit to impose upon it. These evils, for your clearer view of them, may be reduced to the following heads:—

- I. The evils which attend obtaining bank charters.
- II. The tax they levy upon the community.
- III. The sudden fluctuations they cause in the money market by their varying discounts.
- IV. The derangement they cause in productive industry, by the uncertainty of their loans, and

Lastly, The evils of false credit, by which the community is defrauded.

That all these evils have accompanied the establishment of banks, is unquestionable. It is my purpose to show that they are all extraneous to the real business of banking, which involves no such consequences; but that they grow out of banking carried on by monopoly and incorporation.

1. *The evils which attend obtaining a charter.*

As these are rather political than economical, I

would pass them over in silence, but that they so evidently strike at the root of all that is free or good among us. If corruption once creep in among our legislators, the very citadel of our freedom and morality is assailed. If lawgivers may be purchased, laws will be bought; if laws may be bought, money and bad men will be our rulers; and a tyranny gradually come over us, so much the more intolerable as it will be in the hands of the many and the vicious; and will work unseen in the dark recesses of corruption. I do not say that bank charters are so obtained, but I say it is hardly possible but what they should be so obtained, from the very nature of the privilege which they grant, for where there is so much wealth created, (as it is supposed,) it would be strange indeed if nothing remained as an equivalent to those who created it. But be these evils what they may, it is evident they are due solely to the necessity of an act of incorporation, and that if banking were altogether free, or rather as I intended to propose—freely regulated under a general statute, these evils could not exist. As there would be no privilege, there could be no purchase, and our legislature would be saved from what I believe to be the last and greatest peril that awaits our republican institutions; I mean the stain, or the suspicion of the stain of bribery and corruption.

2. *The tax it levies upon the community.*

That all monopoly enhances price, is one of the clearest positions of economical science. That corporations carry on business at greater expenses than those who manage their own concerns, is also matter of familiar observation; and from both these positions it follows, that banks being both monopolies and incorporations, must furnish to society the commodity in which they deal, that is credit, upon higher terms than free competition would give. But on this point we are not left to abstract speculation.

Whence, I would ask, do the banks derive the power of paying a bonus to the state, or gratuities to individuals, or even the more justifiable expenses attending a charter, and yet still retain such attractions to the first subscribers for stock? Whence but from surplus profits on their capital, above its other investments; and if such surplus profits do exist, are they not the proceeds of a tax levied on the community, paid by the borrowers at large, to be repaid into the pockets of those specially interested? Without banking privileges, no such tax could be levied, competition would bring down the profits of banking capital to the average rate of all other profits, so that not only would society be saved this needless expenditure, but it would be freed also from the temptation which such surplus profits always create to the needy and unprincipled, a temptation so great as sometimes (we have reason to believe,) to turn the filling up of the stock of a new bank into a scene of iniquity and fraud, and to bring down men of high standing to a level with gamblers and swindlers.

Let us not then count as nothing the saving that would accrue to society in this particular; the moneyed tax may not be a very heavy one, but the moral tax is a dead weight upon our prosperity—a few hundred thousands drawn from the labours of the many, to go into the pockets of the rich, may not perhaps ruin our country, but we may, and we must be ruined, if our legislatures will continue to set traps for feeble honesty, and to turn an honourable business, into a gambling speculation.

3. *The evil of sudden fluctuations in the money market.*

It were both idle and false to charge upon banks the

existence of all such fluctuations;—the amount of the charge is this, that through the means of their variable discounts, these fluctuations sometimes are created, and generally rendered more sudden and capricious in their movements, than they would be if credit were freely regulated. This charge if true is a heavy one, and would make the question go hard with bank charters, in the mind of every commercial man; for there is not a merchant, but feels that these fluctuations are the very bane of commercial safety, that neither wisdom nor prudence can stand against them, that they defeat the best laid plans, and ruin the most prosperous enterprises, that they pull down the weak, and stagger the strong. Such indeed is their estimate of these dangers, that I know many merchants who have unwillingly turned their sons from their own pursuits, or kept them back for years, from engaging in business, from the conviction of the almost inevitable ruin which hangs momentarily over the head of the merchant, however successful he may be for a time; and which even in the midst of his prosperity, like the suspended sword of the tyrant, takes away all taste of the feast.

The question then is, are these monied fluctuations increased in number, or degree, or suddenness, through the control which banks possess over the currency of the country. That they are so, would seem to be the answer derived both from fact and reasoning. For the fact is, these fluctuations are greater, more frequent, and sudden, in all places where banks of discount rule the circulation, as in London, for instance, and the cities of our own country; they are less so, again, in such places as having a metallic currency, are in some measure beyond their operation, as in the cities of Amsterdam, Hamburg, and Paris. Again, the fact is, they are greater and more frequent in this country and in England since the great prevalence of banks, than they were before, from all which would arise at least a suspicion against them; and perhaps this suspicion will be turned into conviction, if we examine the matter a little more narrowly. That the banks are able to control the money market, at least temporarily, there is no question; they can make a scarcity of money one day, and they can make an abundance of it the next; they feel that they have the power and they acknowledge their use of it, but then they maintain that they use it with wisdom and discretion, in such a manner as to be best for the public. But is there no danger that they may mistake the real interests of the public, or that they may have private interests of their own which may be imperative upon them? And who are they to whose wisdom and discretion the fate and fortunes of commercial men are thus entrusted? And where is the necessity that they should be entrusted to any but themselves? Among the banks some undoubtedly are wise and discreet, but if there be one that is otherwise, that one, as we have already seen, has the control in its hands, and may by a sudden curtailment of its discounts force the decision of the wise and prudent majority. But even admitting, for argument sake, what certainly is never true in point of fact, that all our banks are wisely and soundly governed, even then the regulation of their issues would be but an approximation to what society demands in the way of credit, and what society would certainly receive if it were its own banker. There still will be a suddenness of decision and a rapidity of change, in a currency under the control of banks, greater than would exist in its natural state. All the changes which nature governs, are, as we may observe, gradual and progressive; they never go *per saltum*, to use the language of mathematicians, but by connected and insensible degrees; and so is it with the fluctuations of credit—

diffused through the community, its movements cannot but be gradual, since they would depend upon the varied temperament of innumerable minds—but once accumulated in corporations, credit is no longer capable of the same innumerable movement; like artificial mechanism, it goes as it were by leaps, and that necessarily, because the decision of a thousand minds is now vested in the discretion of one, and all the consequences concentrated in one single act; and when to this necessary cause of irregularity is added the possibility, that such discretion is neither wisely nor soundly exercised, you will perceive good reason to admit, that the interests of the community are not so well guarded in this particular as they might be, and to believe with me, that these ruinous fluctuations sometimes originate, and are often increased, through the control which banking incorporations must ever possess over the money market.

4. *The derangement of productive industry by the uncertainty of bank loans.*

That this is an evil is unquestionable—that it exists under the present operation of banking is equally undeniable; but that it arises from bank incorporations is not at first sight so evident. The greatness of the evil and the obscurity of its cause, must be my apology for entering into some detail upon the subject.

The nature of the evil is easily understood. A bank loans out its surplus capital to various borrowers in society—to the manufacturer, the merchant, the trader, and the mechanic—these men want permanent loans, because the money is intended for permanent investment in their business; the bank however will only loan it during pleasure; this is the evil—there is no security for the interests either of the borrower or of society, for society is equally interested that the loan should remain until it has effected the objects for which it is made. But this is not the character of bank loans; the moment a pressure comes on, the bank wants its money—and at the very moment that it is most difficult for the borrower to pay, payment must be made, and the whole, or a part of the loan must be paid in at whatever sacrifice attained. Now this is that uncertainty which has added a new risk to all business carried on through the aid of banks, a risk so great in the opinion of observant men, as to constitute one of the greatest causes of the frequent failures that take place, even among prudent men, and even in a safe and good business.

To understand this matter more clearly, it is proper to distinguish between two operations altogether distinct in their nature, but confounded in the ordinary management of banks. And that is, the loaning of credit, and the loaning of capital; the former of these is the rightful business of a bank, the latter is an irregular operation, the business of a money lender; and on the part of the banker, is injurious alike to the real interest both of the bank and of the community.

Thus when a bank enables a man to anticipate his funds, it loans him credit; when it creates him funds, it loans him capital; in the first case, the bank has only lent him the credit of their name, in the second, they have transferred to him the funds, either of their stockholders or their depositors. In the former they have merely exchanged with him promissory notes, and their profit lies in making him pay an interest for this use of their name, for this fictitious capital, which their credit creates. In the latter case, they have exchanged with him capital for paper, and draw an interest only on a real advance.

Of the nature of the former is all *business paper* as it is termed, that is, notes created by the real exchanges of society. Of the latter, are all loans made

by the bank, and what is known by the name of *accommodation paper*.

The former of these is, as I have said, the only true business of the banker; the latter is not only foreign to it, but injurious, and results solely from banking being carried on by incorporations.

Let us first attend to the different results of these two operations. Confined to loaning credit, without any control over capital, banks may be said to be powerless for the injury of society, since their own ruin would be the first result. They could not take a step beyond the real needs of commerce, but they would be checked in their progress; every dollar of over issue that rested upon credit only, would return immediately upon them, and abstract from those funds which their circulation had created. Under such a principle banks are safe, and the currency secure. The interest of the banker and that of the public, is one and the same; and discounts will rise or fall, precisely with the pulse of trade, the demand for credit being the very basis upon which the banker is enabled to give it. But it is otherwise with loans of capital; here, as already stated, the bank and the borrower have different interests; and the demand and the power of supply no longer coincide. Thus the bank throws out its loans of capital, not because society demands it, but because the bank has a surplus; and again it recalls it from the community, not because the community want to pay it in, but solely because the bank can put it at that moment to a more profitable use. By the former of these operations tempting men, through the facility of obtaining money, to new and enlarged enterprises; and by the latter, ruining those very enterprises, and perhaps the men themselves, by hastily withdrawing the aid it had so lately courted them to take.

The truth is, a banker has no need of capital, except to support his credit, and that end would be best attained by his capital being vested, and from under his control. He wants no funds when once in operation, beyond those which his very business creates. It is a wheel of circulation, which he keeps in motion, a certain round of credit, which performs its revolutions in sixty days, and which, when properly governed, balances itself; the notes paid in on the one side liquidating those that pass out on the other, and requiring no other capital to sustain its movements, than that moderate supply of specie which is necessary to meet current demands; and which would soon be supplied by voluntary deposits in a bank thus wisely regulated.

Here then lies the secret root of the evil:—the control which banks possess over the distribution of so large a portion of the capital of society. Sometimes it is vested in temporary loans, and sometimes it is thrown into circulation; in both productive of injury, since it renders loans uncertain, and circulation irregular. A loan of capital, to be advantageous to society, should be permanent until it has accomplished the objects for which it was obtained; and circulation to be regular, should not be liable to those fluctuations which are necessarily produced by the addition or subtraction of capital, at the will of the banker. But we have yet to enquire how banking, freely carried on, would remedy this evil. The explanation is obvious: the correction would arise necessarily from no surplus capital being employed in the business. For who would voluntarily take more capital into any business than what was necessary to carry it on; surely not the banker any more than the merchant or the manufacturer.

The amount of banking capital would therefore be limited by the actual business of the country; and would be no greater than was found necessary to sup-

port the credit of the circulating paper. How great that amount would be can be matter only of conjecture; but it may safely be asserted, that it would be much less than what is now nominally engaged in it, of which, perhaps, not one-fourth lies at the basis of the circulation, while the remaining three-fourths forms a species of floating capital, ready at all times to derange the natural flow of credit by its hasty and impetuous fluctuations. Under the proposed system all this would be avoided. Loans would then emanate from their natural source, the real owners of capital; while the duration of them would be regulated solely by the objects for which they were made. The banker too, would then be limited to his legitimate business—the loaning of credit; and that by a law which he never would violate, since every dollar that he abstracted from his capital to put out on loan, would probably withdraw at least three from his circulation, and would thus cripple him in his business as sensibly as a similar operation would do the manufacturer or the trader. The banker too would then be free, which now he is not, to consult his own banking interest in his operations; his would then be no elective office dependent upon favour or caprice, and binding him to consult the inclinations and wants of those who placed him there, by the strong motive of official duty, and the still stronger one of selfish calculation; but free and unshackled, he would pursue, as all free traders do, without fear or favour, the steady course of solid profit, granting neither loans nor accommodations, but confining his capital to the operations of his credit. Nor is this mere conjecture. Already we have some private bankers among us, and some sound banks that are controlled by individual capitalists. Of the former it may be fearlessly asserted that they make no loans, they grant no permanent accommodations—they use their capital solely as the basis of their credit; and among the latter, I know more than one that already regulates or begins to regulate itself by these sound and salutary principles; principles that never could have been overlooked, had not the business of banking been forcibly severed from the sharp-sighted control of individual interest.

Lastly, The evil of false credits, by which the community is defrauded.

That in society some men will be rogues and many will be fools, is an evil that probably lies beyond any legislative remedy; but legislatures ought certainly to consider themselves responsible for a portion of that fraud and folly which exists in the community, when their laws tend directly to blind the eyes of the multitude, and to add a premium to roguery, by making it a safe, if not an honourable business. Yet this has been, and must continue to be, the practical result of bank monopolies; since the abuses they admit are so numerous, and yet so secret, that no legal provisions can guard against them; the conditions of the charter, where private integrity does not enforce them, are laughed to scorn; and penal statutes can never keep pace with the contrivances of moneyed fraud.

The first of these, however, that deserves to be mentioned, is a legislative one. It arises from the members of such incorporations being freed from all responsibility beyond the amount of their stock; they may contract debts to any amount, while they are bound to pay only to a specific amount; their charters, thus vitiating the fundamental principle of all business, and the essence of all confidence, viz: the integrity of contracts. This surely may be termed a premium on great villany. If men will be timid rogues, and play but on the surface of these troubled waters, they lose character and get nothing in exchange; but if they

will plunge deep, the law assures them that they may lay hold on pearls of price, and only lose what perhaps they never had.

It has been proposed, I see, by a recent bill, to make the directors responsible; I am well pleased, however, that such bill did not pass, since it would unquestionably have increased the evil it was intended to remedy; it would have driven men of real wealth from the station of directors, and supplied their place with those whose want of means would have rendered their responsibility a dead letter.

A second source of fraud upon the public, grows out of the loose manner in which the original capital of banks is subscribed and paid for. The intention of the law requires that the capital be actually paid in; the security of the public goes a step farther, and requires that it never should be paid out, except in permanent and solid investment, since it is obvious that its payment is altogether nugatory, if it be the next day exchanged for the note or personal responsibility of him who paid it. But under the feeble provisions of law, even the ceremony of these forms is often dispensed with, and many a bank has gone into operation in our state, without a dollar of real capital beyond its daily supply of specie for the redemption of its notes; and thus, upon the sole security of some few worthless notes of worthless men, which would be thrown out from any respectable bank, are issued upon society, through the medium of the directors and their friends, hundreds of thousands of dollars. It is a common observation, that what men get easily, they spend freely, and it holds true in all such instances. These men, borne on high by this new flood of wealth, are found invariably to become speculators and liberal purchasers; they outbid and outbuy the wealthy and the prudent, since they are not scrupulous about terms, when they are exchanging a worthless money for real values. It is in this manner that their paper acquires circulation, and the community is deluged with a baseless currency, upon which rogues and bankrupts fatten, and honest men grow poor; for when the bubble bursts, it is the holders of the paper, and not the makers of it, that become the sacrifice.

A third source of fraud, (for what other name shall we give to the practice,) arises from the principle established through the influence of the banks, that they are to be regarded as the first creditor in all cases of failure, and that all accommodations are to be made good before other claims are admitted. Can we help saying, that by such management the honest creditor is defrauded of his just and legal rights? Let us but look at such a case; the bank for instance by its loans enables a trader to enter into business—he makes with it a show of wealth, upon which he receives in his purchases a proportionate credit, and he goes on accumulating engagements under the implied understanding, that his ostensible means are his own and not another's, and constitute a pledge for the performance of his contracts. But when, through the changes of commercial fortune, such an one has become bankrupt, the pledge is secretly withdrawn, the bank, through his endorser, swallows up his effects, leaving in general to his unfortunately honest creditors, no other consolation than that he has fully paid his honourable debts. For the removal of this abuse laws are nugatory: so long as merchants are dependent for accommodation loans on the favour of banks, so long will they make provision for their security, in preference to their other creditors, and this in defiance of all penal statutes. The only corrective must be drawn from the stores of self-interest. Break the monopoly, and the charm will be dissolved. Capital will return to the hands of its owners, and influence will be diffused, together with

the sources of credit, throughout the ranks of the median community.

But it is time that I draw my long letter to a close, by laying before you the remedy I would venture to propose for this formidable list of evils.

Were the abuses of banking confined to what may be termed its commercial evils, and its paper never passed out of the circulation of commerce, the remedy would be as simple as it would be efficacious, viz: to cast off all restrictions, and to leave the business of banking to be regulated by the necessary laws of credit.

But the money of banks is not confined to the transactions of merchants, it is issued of such denominations that it passes into the ordinary exchanges of society, into the hands of those who take it not as a promissory note, but as an equivalent of value. It becomes, in short, the substitute for the coin of the country, which it drives out by its superior cheapness, and in this point of view is liable to a new train of evils.

It is in this point of view alone, that it requires the interference of the legislature, who, as the guardians of the coin of the country, acquire the right to regulate its substitutes. It becomes them, therefore, to guard the interests of the many and ignorant, by thus far limiting the natural freedom of banking, as to prevent the currency being displaced by a worthless paper. For this end let the following provisions be adopted.

I. Banking to be a free trade, in so far as that it may be freely entered into by individuals or associations, under the provisions of a general statute.

II. The amount of the banking capital of such individual or association to be freely fixed, but to be invested one-tenth at the discretion of the bank, the remaining nine-tenths in government stock, whereof the bank is to receive the dividends, but the principal to remain in pledge for the redemption of its promissory notes, under such securities as to place the safety of the public beyond doubt or risk. The stock being made untransferable, except by the order of such court as shall be made cognizant of these subjects, with a view to wind up the affairs of the bank.

III. The promissory notes of such individual or association to bear upon their face the nature and amount of stock thus pledged, together with the usual signatures; and in their amount never to exceed the amount of their pledged stock, under the penalty of the individual or firm being declared bankrupt, and their affairs being wound up under a commission, appointed by such court as shall have cognizance thereof; the refusal to redeem their notes being made in itself an act of bankruptcy, and followed by the same results.

IV. No notes of a denomination under five dollars to be issued by such bank, under the penalty of tenfold damages.

V. The deposits of stock thus placed in pledge by such individual or association, to be capable of indefinite increase at the will of the banker—but not of diminution—in order that the security and confidence of the public may never be shaken; though the whole may at any time be withdrawn by an application to the court for the winding up of the affairs of the bank.

That these provisions would free banking from all abuses, it would be arrogance to assert; but that they would remedy many and great ones that now exist, seems to be unquestionable. Nor would their adoption be attended with the dangers which generally await

untried novelties. They are already established by the experience of other traders. Besides, they would operate no change upon our sound banking institutions—which already rest, not upon their charters, but upon the confidence of the public; the only alteration they would probably effect in them would be, the reduction of their capital to the real amount required for their business, and thus relieving them from that part of their operations which is the most perplexing to them, and the least beneficial to the community. The unneeded banks, if any such there are, of course would shrink before the test to their natural dimensions, and either be renewed upon sounder principles, or leave their places to be supplied by real capitalists. But this would be the very recommendation of the law, since it would not only strip the mask from such unworthy institutions as have deceived both the legislature and the community, but what is better, would render all such disguises for the future impossible. In short, under this system, banking would lose all its attractions, except to the honest, the economical, and the persevering; it would have no surplus profits to tempt the needy and the speculating, nor any cover for bankruptcy to allure the unprincipled. But we should have for our bankers men of wealth, integrity, and skill—at the head either of private banks or voluntary associations—and drawing from society, not the gains of monopoly, but the equal profits of free trade, the fair reward of integrity and economy in unfettered and open competition. Under such a system of banking, merchants would be more independent and the public more secure, fluctuations less frequent, speculation less wild, commercial prosperity less transient, and to crown all with a recommendation that I am sure will enlist you, sir, among its advocates, our legislature would be less beset by hungry and pertinacious adventurers.

With the hope that these hasty hints may serve to throw some light on the subject of your enquiries—I have the honour to be

Respectfully yours, &c.

P. S.—On looking over my letter I find, that on the disputed question of the depreciation of our bank paper during the last war, my language is perhaps unguarded and liable to misconstruction. I would not wish to be considered as denying the possibility of an appreciation of gold, and still less as charging upon our banks any wilful abuse of their power. The precious metals may, unquestionably, like any other commodity, rise in price by an increase of demand for them; which demand did certainly exist at the period there alluded to, through the great increase of metallic currency required for the support of armies in countries that were the seat of war, and which made use of no other money; and hence, unquestionably, our coin did receive an increase of value. But then, with higher value came greater powers, so that a smaller quantity was capable of supporting the same amount of exchanges. All that I would maintain is, that to this higher value of coin, from whatever cause arising, its paper substitute must conform by a corresponding diminution of quantity, under the penalty of irremediable depreciation. But still, as paper may become excessive by the simple rise of coin, depreciation may then have taken place without any increase of issues; and although to the country the result was the same, whether the change took place in the paper or the coin, yet the latter supposition relieves our banks from the heaviest charge that would otherwise rest upon them.

Col. Coll. February 30th.

[Copies of the original edition of this pamphlet

can be obtained at Messrs. CARVILLE'S, New York.—
EDITOR.]

COLLECTION OF THE PUBLIC REVENUE.

IN SENATE OF THE UNITED STATES,

MAY 16, 1838.

MR. WRIGHT'S REPORT.

(Concluded from page 312.)

These points of comparison might be carried further, but the committee trust the above are sufficient for their purpose. The charge they are considering is that of hostility on the part of the government against the state banks, as drawn from the recommendations of the president. These recommendations have, under the imposing appellation of the "sub-treasury scheme," been made to occupy a large share of the attention of the country, and to excite the deep alarm of a great proportion of those interested in the state banking institutions. It is not to be disguised that the strongest charges of hostility have come from those who are friendly to the system of a national bank for the management of our finances; and hence the committee have believed it fair to institute this comparison, so far as the influence of either upon the state banks is concerned, between that and the system recommended by the president. Can the friends of the former claim a superiority for their system, in the benefits conferred upon the local banking institutions? Can they claim superior exemptions from the checks and deprivations which those institutions are to experience under either system? Let the comparison answer.

In reference to any benefits anticipated from financial agencies proceeding from the treasury, both systems are equal to the state banks. Both deprive them wholly of those benefits.

In reference to the benefits derived from the deposit and use of the public moneys, both systems are equal to the state banks—for both deprive them of these benefits.

In reference to the embarrassments proceeding from competition, the system recommended by the president is wholly favourable to the state banks. It constitutes no rival, and prevents all rivalry growing out of an exclusive use of the public money. The national bank system has for its principal object the creation of a commanding and an all-powerful rival, and proposes to give it the sole and exclusive benefit of the use of the public money.

In reference to the benefits derivable from a bank circulation growing out of the management of the public finances, the system recommended by the president is also wholly favourable to the state institutions, as compared with the other. If no bank notes be received in payment of the public revenue, or disbursed to the public creditors, under this system, it will then be exactly equal, in its operation upon the state banks, with the national bank system—as, while the notes of the bank, under the latter system, are to be made a legal tender in payment of the public revenue, it is to receive in such payments the notes of no state banks which are not at its door, and cannot be presented "at least once every week," to be redeemed with specie, a nominal favour, which can be of no practical value, and may, at periods of embarrassment, be a serious injury to the state banks, whose notes are received for such a purpose. So far as disbursements are concerned, the two systems must, upon this hypothesis, be always equal to the state banks. If, however, com-

gress shall permit, to any extent, or for any period of time, the receipt or disbursement, or both, of bank notes in the management of the public revenues, the state banks, under the system recommended by the president, would have all the benefits to be derived from such permission, while the whole benefits would be exclusively confined to the national bank under that system, the disbursements being always confined to its own notes.

Is the government, then, justly chargeable with hostility to the state banks, because the president has recommended such a system of finance for the approbation of congress? Can such a charge come with propriety from the friends of a national bank? The state institutions survived and prospered under the national bank system. Surely, then, under one so very similar in many of its features, and so greatly ameliorated in others, so far as its action upon them is concerned, they cannot be exterminated; nor can it be said, with reason or fairness, that a system so ameliorated towards them has been devised for their destruction, or recommended from an unfriendly spirit towards them.

What is required at the hands of congress to rebut this unfounded presumption of hostility? To make the notes of the eight or nine hundred banks of the country a legal tender, so fast as those banks shall resume specie payment. Sweeping remedy, truly, for an imaginary disease. The congress of the United States is asked to change its whole policy; to abandon the hope of extending and rendering stable and firm a specie basis for the paper currency of the country; to throw away the occasion now offered, when coin is flowing into our ports, and to adopt and legalise bank paper as the standard of currency for the national treasury;—and for what? Simply to rebut the suspicion that the government is hostile to the banks.

It may be said that the passage of this clause of the resolution is not made desirable by this cause singly; but that the inducement it will hold out to the banks to resume specie payment, renders its passage proper and expedient. That a return to specie payments by the state banks is desirable and important to every interest, public and private, the committee know and feel; but can it be safe, or proper, for congress to pass a law, which, so far as its action can go, shall make the currency of the country exclusively paper, as an inducement to the banks to pay specie, or rather to agree to pay specie, when specie will be no longer demanded? Is it incumbent upon congress so to legislate as necessarily to drive all specie from the country, by interposing a legal substitute of bank paper, as a mean of enabling the banks to pay specie? Will the senate go further, in holding out inducements to produce a return to specie payments, by way of endorsing the paper of the banks, than the states which have created them will consent to go? The committee believe that some of the states have made the notes of such of their banks receivable, by law, at the state treasury, as are owned in part, or principally, by the state itself; thus doing, in this respect, what congress did do, in reference to the two banks of the United States; but it is not believed that any state has made the notes of its banks, in which the state has no interest, a legal tender in payment of debts due to itself; and yet most of the states have legislated with express reference to their banking institutions, since the suspension of specie payments in May, 1837.

Another argument urged for the adoption of this provision is, that the times require the extension of unusual favour towards the banks. The committee have reviewed the condition of our monetary affairs in 1816, immediately after the close of the late war with Great Britain, and also the extreme indulgence which con-

gress could then be brought to extend to the state banks of that day; and will it be pretended that the state banks now present stronger claims upon the patronage, and favour, and indulgence of this government than did those of 1816? There is a wide and marked difference in the relations existing between the government of the United States and the banks in 1816 and at the present time. Then, the principal embarrassments of the banks were brought upon them by their advances to the government, to assist it through the war; which money the government could not pay. Now, the principal embarrassments of the government are brought upon it, by having advanced money to the banks for safe keeping, which they cannot pay. Still, in 1816, if the construction of the resolution of that year, as given by the committee, be correct, congress would only permit the reception of the notes of the banks at the treasury, at the option of the fiscal officers of the government, after they should have resumed specie payment. If congress is not disposed to go further now to favour the banks than it went then, it is sufficient to say that the resolution then passed is still in force, and as applicable to banking institutions now as it was then, if they will bring themselves within its provisions; and, to allay all cause of apprehension upon the subject, either as to the understanding of the collecting officers of the government, or as to the exercise of their discretion under that resolution, it is proper to state, that information has already reached this city, that in a few commercial towns where a resumption is known to have taken place, the notes of the resuming banks are freely received in payment of duties, postages, and all other public dues.

Is it desirable, for any purpose, that a wider circulation should be given to the notes of these specie-paying banks by the action of this government? That they should be made a legal tender in the payment of debts to the United States in all parts of the Union? The committee think this is not desirable, and would not be useful, to the banks themselves; and they are certain it would be eminently hazardous to the treasury to give them that currency. It would almost certainly lead again to dangerous expansions on the part of the banks, and to a repetition of the present scenes of revolution, contraction, and depression; and, were these scenes again to be repeated, and under such a law, the government might not escape as it has lately done.

Take an instance as an illustration. Suppose the resumption to have become perfect, and that the banks are all reinstated in the public confidence, and are all believed to be "sound." The provision of the resolution then acts upon their notes with the force of law, and compels their receipt in all payments to the United States. Some one, among the whole number, gets into the hands of bad and unprincipled managers, and its powers are employed in the purchase of the public lands. Nothing is to be done but to fill up and sign a sufficient amount of its notes, and present them simultaneously at the various land offices; and before the fraud can be discovered or counteracted, any quantity of the public domain may be received in exchange for the paper, even to the last acre open for sale. This, the committee are aware, is supposing an extreme case; but it is by presenting such to the mind, that the facility with which frauds may be practised, similar in character, but less in extent, is made apparent. And so extensive is the public domain, and so numerous the banks whose notes are to be made a legal tender in payment for them, that all must see the strongest grounds for apprehension under such a system. In the other great branch of the public revenue, the customs, frauds of this character cannot be practised, but by the aid of so much real capital as to

afford a very safe protection against them. The goods must be purchased in foreign countries, where capital or solid credit only will procure them, and the paper will merely pay the duties; while in the purchase of the lands there is no other limit than the quantity of the paper made a legal tender, or the quantity of the lands in the market.

In every aspect in which the committee have been able to view this subject they see nothing but evil likely to follow from the passage of this part of the resolution; evil to the treasury, evil to the currency generally, and evil to the banks themselves. They, therefore, most earnestly hope it may not receive the approbation of congress.

The third clause of the resolution, compelling the disbursement of the bank notes, is in the following words:—

"And (the bank notes made receivable and received) shall be subsequently disbursed, in a course of public expenditure, to all public creditors who are willing to receive them."

This part of the resolution has, at least, the merit of being new, and is not, like both the other portions, a repetition of any previous action of the senate during its present session. So far as the observation of the committee has extended, it can claim greater novelty, as they have not found any previous proposition made to congress to *compel the disbursement of bank notes in payment of the public dues*. On the contrary, they have found numerous propositions, and several laws, to restrain, limit, and even prohibit disbursements in such a medium.

If the former clause of the resolution should be rejected, the committee suppose this would nullify it, as they are not prepared to expect that any will urge a compulsory provision for making the public disbursements in bank paper, more broad than the provisions of law for the reception of the same paper. Such is not the character of the proposition, as it stands in the resolution, and the senate will not certainly be inclined, by any action on its part, to give it that character.

Upon the supposition, however, that both of the clauses should pass, and become a part of the law regulating the collection and disbursement of the public revenue, the action of the latter upon the treasury, and the public disbursements, deserves some notice.

If the committee understand the fair construction and effect of this last clause, it would be a positive prohibition upon the fiscal officers against presenting for payment in coin at the bank which issued it, any bank note, received in conformity with the requirements of the second clause, until that note had been first offered in payment to some public creditor, and that creditor had refused, or expressed his unwillingness, to receive it. If this be the true construction of the provision, and the committee are unable to discover how the terms used, and the connection in which they are used, can admit of any other, then it appears to them that the inconvenient consequences they will proceed to name must follow.

Take the disbursements in our Indian department, and suppose the revenue to be disbursed is paid in bank paper, as it will be very certain to be when all the bank paper of the country shall be made a tender in payment of debts at the treasury. The annuities are to be paid to the Indians residing in the Indian territory west of the Mississippi. The means of payment consists of that variety of bank paper which would, under such a system of finance, compose the ordinary receipts at the treasury. The agent to make the payment must take the paper, go to the Indian country, offer his bank paper to the proper individuals

of each tribe or band, meet their refusal to receive it, as he certainly would if the Indians were left free to act, and then do what? Either return to the settlements and sell the notes for the best price they will command in coin, or seek out among the states the various banks whose notes he holds, present them at their counters for payment in coin, and make a second journey to the Indian territory.

Take, again, the disbursement to the army. The principal part of it is always at remote frontier stations. The funds to pay the troops are, like all the other revenues, collected in indiscriminate bank paper. The paymaster is fitted out as was the Indian agent in the supposed case, and, were the soldier to have really his free choice, would be quite as certain to meet with the same refusal to receive the paper. In that event his course would, from necessity, be the same which has been pointed out for the agent.

Take the disbursements in the naval service, and how are a portion of them to be made, without an actual violation of the spirit of this provision? At the navy yards, upon the vessels in port, and the like, the notes might be offered or paid, as in the former cases; but they certainly could not be transported, as means, abroad to sustain the vessel and crew upon a foreign station, and the necessity of the case would compel the fiscal officers to presume a refusal, to enable them to convert the notes into current means.

These are but a few of the vast number of cases where similar difficulties would be met with; and, under those which have been enumerated, how much freedom of choice is it likely it would be left to the public creditors? Take the Indian, and who does not know that the agent, situated as in the supposed case, would give him at once to understand that he must take the paper, or wait his, the agent's, pleasure for the specie? And who does not also know that this, to the Indian's feelings and wants, would be equivalent to saying he must take the paper or nothing, and would speedily convert him into a public creditor, willing to receive the paper?

So with the soldier upon a remote station. His small wages and numerous wants render the periodical rounds of the paymaster much less frequent than would be desirable to him, even if there be no question about his pay when those periods arrive; but let the paymaster offer him bank notes, and tell him, if he declines to take them, he must wait until it shall be his, the paymaster's, duty to visit the post again, and how will he choose, or rather, what choice will he have? The compulsion of debts and want must decide the question, and he becomes a public creditor, willing to take the paper.

So with the sailor, with the labourers at the navy yard, and indeed in all branches of the public service. Let the true test be applied. Let the paying agents be sent with gold, or silver, or paper; let them offer each, and ask for the choice, and then those public creditors, the classes most strongly appealing to congress for protection, will be free to choose. And who doubts how they will choose under such circumstances? The large creditors, the banks, the merchants, and the principal contractors, may have the choice under such disbursing regulations, because they may have the means and ability to wait until the consequences of their refusal to take the paper can be obviated by its conversion; but to them this choice is of little moment in the comparison, as they are engaged in business, and located at points where the paper, if really that of sound specie-paying banks, may be converted into coin by themselves without material delay or loss. They, too, are judges of the paper, and can gain the required information as to the soundness of

the banks, and may therefore make their selections from the paper offered. Not so the Indian in the wilderness, the soldier at the frontier post, the sailor in service, or the common labourers upon the public works; and hence they can have no choice, in fact, unless the gold or silver be presented to them with the paper, and they be permitted to make the choice between them, on the spot. This provision, as to them, would, in the judgment of the committee, operate to make the paper a tender in payment of their dues from the government; a forced tender it is true, but none the less a tender in practice.

If the construction which the committee give to this provision be correct, it must have the following dangerous operation upon the treasury. The paper cannot be converted into coin until it has been offered to a public creditor and declined. If, then, the receipts into the treasury be more than are required for disbursement, it would seem to be a necessary consequence that the excess, whatever it may be, and by whomsoever kept, must be kept in the bank notes. It cannot be offered to a public creditor, because there is no public creditor, in the supposed case, to whom to offer it. It is an excess beyond the amount of money required for the payment of all the public creditors. In this respect, the provision will have the effect to repeal the second article of the fourth section of the deposit law of 1836, so far as credits to the treasurer of the United States are concerned, in case the banks are to be again made the depositories of the public money. This section prescribes the terms upon which the banks are to receive the public money, and the first clause of the second article is in these words:—

Secondly, "To credit as specie all sums deposited therein to the credit of the treasurer of the United States," &c.; and it would surely be a contradiction to require that to be credited "as specie," which the law requires should be kept and disbursed in paper. The effect upon the treasury and the banks, if requiring the revenues, and especially such surpluses as may from time to time exist, to be kept in paper, is too palpable to make it the duty of the committee to comment upon it. The risk to the public funds would be that which exists between laying up for preservation specie and bank notes, and the necessary effect upon the banks would be to induce an expansion equal to the amount of their notes known to be locked up for safe-keeping in the depositories of the government.

This provision of the resolution, also, if passed, must repeal the second section of the act entitled "An act making appropriations for the payment of revolutionary and other pensioners of the United States, for the year one thousand eight hundred and thirty-six," passed on the 14th day of April, 1836. That section is in the words following:—

"SEC. 2. And be it further enacted, That, hereafter, no bank note of a less denomination than ten dollars, and that from and after the 3d day of March, Anno Domini eighteen hundred and thirty-seven, no bank note of a less denomination than twenty dollars, shall be offered in payment in any case whatsoever in which money is to be paid by the United States or the post office department; nor shall any bank note, of any denomination, be so offered, unless the same shall be payable, and paid on demand, in gold or silver coin, at the place where issued, and which shall not be equivalent to specie at the place where offered, and convertible into gold or silver upon the spot, at the will of the holder, and without delay or loss to him: *Provided*, That nothing herein contained shall be construed to make any thing but gold or silver a legal tender by any individual, or by the United States."

If the second and third clauses of the resolution be read together, and the connection between them marked, it will be seen that the third must be understood to require the disbursement of any bank notes which the second permits to be received. The last clause of the 5th section of the deposit law of 1836, prohibits the receipt, in the collection of the revenue, of any bank note of a less denomination than five dollars. It may, perhaps, be fairly questioned whether the second clause of the resolution should not be so construed as to repeal this prohibition of the deposit law, and compel the receipt of all notes, of any denomination, which any "sound bank" shall issue and make payable, and pay on demand, in the legal currency of the United States; but, without raising that question, that clause undoubtedly authorises and compels the receipt of all notes of denominations not prohibited by that section of the deposit act, and consequently the third clause must repeal the first part of the section above quoted from the pension act, confining the disbursements to notes of higher denominations. The second provision of that section cannot stand, because this third clause of the resolution compels the offering of bank notes, at all places, and in payment of all public creditors, without regard to the limitations there imposed and prescribed. This covers and repeals the whole section, except the proviso; and, besides the consideration that it falls with the section, if the views entertained by the committee, as before expressed, be correct, this resolution will so operate as to make bank notes, in effect, "a legal tender" by, as well as to, "the United States."

The committee will close this report by saying that, up to this time, congress has seemed to suppose that the tendency to use bank paper in payments from the United States, was sufficiently strong, without either its encouragement or compulsion; and, that the safety of the public treasure, and the necessities, as well as convenience of the public disbursements, required that the treasurer, and his fiscal agents, should have the power, at pleasure, to convert the bank notes received in the collection of the public revenue into coin. This has ever been the power possessed by those officers, as well in reference to the notes of the two banks of the United States, the receipt of which at the treasury was compulsory, as to the notes of the state banks, the receipt of which was merely permissive. Hence the Bank of the United States adopted and pursued the system of converting into coin "at least once every week," all the notes of state banks received by it in payments of the revenue of the United States. This practice was approved and applauded in that bank, as adding to the security of the public treasure, and imposing a healthful and salutary check upon the local banks. Will not the same good results follow from a similar practice on the part of the treasurer of the United States, and any other fiscal agents of the treasury, which the law may appoint? Can the same act, performed by a national bank, be useful and salutary, and, performed by an officer of the government, be evil and mischievous, and require interdiction by law? Would the public treasure, in the shape of state bank notes, be unsafe in the keeping of a national bank, and therefore require the weekly conversion of those notes into coin? And will that same treasure, in the same shape, be safe in the keeping of the state banks themselves, or in that of public officers, so as to require a prohibition against its conversion to coin, and to force its disbursement in paper in payment of the debts of the government? These questions seem to the committee to admit of but one answer, and that answer, in substance, is, that this part of the resolution ought not to become a law.

FOREIGN SMALL NOTES RECEIVABLE BY THE BANKS.

To the Editor of the Albany Argus.

The following opinion was obtained from one of the bank commissioners, and as the question is an interesting one to the public and the banks, will you publish the same?

Albany, March 10, 1838.

A. D. PATCHIN.

Troy, March 10, 1839.

AARON D. PATCHIN, Esq.

Cashier of N. Y. State Bank.

Sir,—Your letter of this date, asking my opinion as to the authority of the banks under the act of 1838, to receive the small bills of foreign corporations, is received.

The law of 1830 prohibited "any person" from passing, circulating, or receiving in payment, any bill, &c. under five dollars, issued by any body politic or corporate out of this state, under the penalty of forfeiting the nominal amount of such bill.

By an act passed in 1835, to prohibit the circulation of small bills, any person who shall purchase or take at a discount any such bill, shall forfeit five times the nominal value of any bill with costs, and also the sum of fifty dollars in addition, with costs. And any incorporated company of this state, who shall by its officers, agents, or servants, take or receive in the course of its business any such bill, shall, on conviction thereof, forfeit its charter. This law repealed so much of the law of 1830 as was inconsistent with its provisions. The effect of this repeal was merely to increase the penalty for violating the law of 1830.

By the act of 1838, the law of 1835 is repealed. This revives the act of 1830 in the same force as it was prior to 1835, and leaves the law of 1830 in full force.

No individual, therefore, can now pass, circulate, or receive in payment, a small bill issued by a foreign corporation, except under the penalty of forfeiting the amount of such bill. The banks of this state, I am of the opinion, may receive them in deposit, and perhaps purchase them to send home for payment, because neither are within the express terms of the prohibition, and are acts in furtherance of the object of the law, to wit, the expulsion of them from circulation.

Can the banks do more? This depends upon the question whether the term "person" in the act of 1830, includes incorporations—if it does, then the above is as far as they can go, without violating the provisions of that act.

In penal actions, it is conceded, the term "person" does not include "corporations," unless expressly named, or unless by the Revised Statutes such an application is given to the term. In the 2d Revised Statutes, page 703, § 35, such a definition is given to the term "person" so far as it relates to that chapter.

In the case of the people, vs. the Utica Insurance Company, 15th Johnson's Reports, page 323, Justice Thompson says, "A statute restraining 'any person' from doing certain acts, applies equally to corporations or bodies politic, although not mentioned."

The 2d Revised Statutes, page 778, § 11, Appendix, provides that whenever in the Revised Statutes "party or person is described or referred to by words importing the singular number or the masculine gender, several matters or persons, females as well as males, and bodies corporate as well as individuals, shall be deemed to be included."

This general legislative definition seems to embrace the case under consideration, but whether it does or

does not, the exemption of banks from the prohibitory clause of the act of 1830 must be put upon such nice and technical ground, that it can hardly be wise or safe for them to claim an exemption beyond the clear unprohibited power of receiving those bills in deposit and purchasing them as aforesaid. The power of thus receiving them is ample for all the useful purposes of driving them out of circulation, and supplying their places with our own redeemable small bills.

Your obedient servant,

Geo. R. DAVIS.

MASSACHUSETTS.

AN ACT PROVIDING FOR THE APPOINTMENT OF BANK COMMISSIONERS.

Be it enacted, &c. as follows:—

SEC. 1. There shall be appointed by the governor, with the advice of the council, on or before the first day of May next, three persons to be styled bank commissioners, who shall exercise the powers and perform the duties hereinafter specified for the term of three years, and until their successors are appointed and qualified; provided, however, that the person first named of said commissioners shall go out of office at the end of one year, and the person next named shall go out of office at the end of two years, but any person going out of office may be re-appointed, and provided further that the governor, with advice of council, may at any time remove from office any or all of said commissioners, and fill all vacancies.

SEC. 2. Said commissioners, or some one of them at least, once in every twelve months, and as much oftener as they may deem expedient, shall visit every bank and provident institution for savings, which has been, or may be incorporated by the authority of this commonwealth, and shall have free access to their vaults, books, and papers, and shall thoroughly inspect and examine all the affairs of said corporation, and make any and all such enquiries as may be necessary to ascertain the condition of said corporations, and their ability to fulfil all the engagements made by them, and whether they have complied with the provisions of law applicable to their transactions.

SEC. 3. Said commissioners, or either of them, may summon and examine under oath, all the directors, officers, or agents of said corporation, and such other witnesses as they may think proper in relation to the affairs, transaction, and condition of said corporations; and any such director, officer, or agent, or other person who shall refuse without justifiable cause to appear and testify when thereto required as aforesaid, or who shall obstruct in any way any commissioner in the discharge of his duty, as prescribed in this act, shall, on conviction, be subject to a fine not exceeding one thousand dollars, or imprisonment for a term not exceeding one year.

SEC. 4. In addition to the examinations herein provided for, said commissioners, or a majority of them, shall, whenever directed by the governor, visit any bank or provident institution for savings, which may be designated by him, and make a full investigation of the affairs of such corporation in the manner hereinbefore provided.

SEC. 5. If, upon examination of any bank or provident institution for savings, a majority of said commissioners shall be of opinion that the same is insolvent, or that its condition is such as to render its further progress hazardous to the public, or to those having funds in its custody, and also that the said bank or provident institution for savings has exceeded its powers, or has failed to comply with all the rules, restrictions, and conditions provided by law, they may

apply to some one of the justices of the Supreme Judicial Court to issue an injunction to restrain such corporation in whole or in part from further proceeding with its business, until a hearing of the said corporation can be had, and said justice shall forthwith issue such process, and after a full hearing of said corporation upon the matters aforesaid, may dissolve or modify the said injunction or make the same perpetual, and make such orders and decrees to suspend, restrain, or prohibit the further prosecuting of the business of such corporation as may be needful in the premises, according to the course of chancery proceedings, and at his discretion may appoint agents or receivers to take possession of the property and effects of the corporation, subject to such rules and orders as may from time to time be prescribed by the Supreme Judicial Court, or any justice thereof in vacation. And said commissioners shall have power to appoint a clerk of their board, prescribe his duties, and fix his compensation whenever the public good may in their opinion demand such appointment.

SEC. 6. Said commissioners in the month of December, annually, shall make a report to the governor of the general conduct and condition of the corporations visited by them, and in case any one or more of said corporations have, in the opinion of the commissioners, essentially violated any law of this commonwealth, they shall make a special report on the subject of such violation, containing such statements and remarks as they may deem expedient; and all reports made by said commissioners, shall be laid before the legislature at their next session.

SEC. 7. Before entering on the duties of their office, said commissioners shall severally make oath before some justice of a court of record, or before any two justices of the peace within this commonwealth, a certified copy of which shall be returned within thirty days to the office of the secretary of the commonwealth, that they will faithfully and impartially discharge and perform all the duties incumbent upon them in their said office, agreeably to the constitution and laws of this commonwealth, according to their best abilities and understanding.

SEC. 8. Neither the said commissioners nor their clerk, shall disclose the names of the debtors of any moneyed corporations examined by them, nor impart any information obtained by them in the course of such examination, excepting so far as may become necessary in the performance of their duties.

SEC. 9. Each of the aforesaid commissioners shall receive as a compensation for his services, six dollars for each and every day employed by him in the performance of the duties prescribed by this act, together with the same allowance for travel now made by law to the county commissioners; and the governor is hereby authorised to draw his warrants on the treasury therefor, and for the compensation prescribed for the services of a clerk of said commissioners, according to the fifth section of this act.

SEC. 10. Nothing contained in this act shall affect, impair, or diminish the power reserved to the legislature by the fortieth section of the thirty-sixth chapter of the Revised Statutes, or prevent the legislature from exercising at any time the powers and duties therein mentioned.

SEC. 11. This act shall take effect from and after its passage.

Approved by the governor, Feb. 23, 1838.

FRAUDULENT BANK TRANSACTION.

The good people of Amherst were astounded a few days since, at learning that fraudulent transactions to

the amount of about \$17,000 had just come to light in Amherst Bank. It appears upon a rigid investigation of the affair by the directors, that Moses Clapp of Orange, Franklin County, some five years since, obtained a loan of about \$1,200 at that institution, and at its maturity, being unable to meet it, by specious promises, he persuaded the cashier, Mr. Root, without the knowledge of the directors, to accept his private note for a short time, and thus release the endorser. Very soon Clapp made application for more money, averring that his failure was inevitable unless he obtained it, and hence the other amount of course would fall upon the cashier for payment. To secure that, Mr. Root was induced to loan him more money, and subsequently, upon the various promises of Clapp, and entreaties at different times, and with the final hope of being able to obtain the whole amount, did the cashier continue to advance money to Clapp, unknown to the directors, until the sum reached about \$17,000! Thus, for about five years, has Clapp had the cashier entirely in his power, and having once been partners in trade, Mr. Root felt unlimited confidence in his reiterated promises and integrity. Having once taken a step for his old partner's relief, to avoid exposure, and with the ultimate expectation of regaining the money, the cashier was over-persuaded by a benevolent heart and weak moral principles, to become a partner in this painful tissue of villany.

The explosion of the whole matter resulted from the recent failure of Clapp. When it became known to the cashier, he was struck with astonishment, and upon close interrogatories being put to him, he immediately made a full and frank confession of the whole to the directors. He was immediately discharged from the institution, and, after surrendering up all his own private property, the assets on his bonds are amply able to make up any deficiency, so that the bank will probably experience no loss, and of course its resources are unimpaired. It may seem somewhat singular that so large a deficiency could be kept from the knowledge of the directors for so many years, but at every examination made into the affairs of the institution the money loaned to Clapp was fraudulently charged on the books to distant banks with whom they had opened accounts, and hence such long-continued and successful deception. Mr. Root has for many years been cashier, and his age, experience, and unsullied integrity had made the directors repose confidence in him too great for his feeble virtue. He has always been distinguished for his benevolence and generous heart, and this, doubtless, led him to take the first step in villany, which, once taken, is so full of peril and so difficult to retrace!—*Northampton Courier of — October.*

HOUSE OF REPRESENTATIVES.

Friday, September 29, 1837.

THE POSTPONEMENT OF THE DEPOSITE ACT.

This bill came up as the order of the day, upon a motion of Mr. Pickins to reconsider the vote by which the house last night passed it to a third reading.

We subjoin the yeas and nays on ordering the bill to the third reading.

Yeas—Messrs. Anderson, Andrews, Atherton, Beatty, Birnie, Bicknell, Birdsall, Borden, Broadhead, Bronson, Bruyn, Buchanan, Cambreleng, John Campbell, T. J. Carter, Chaney, Chapman, Cilley, Claiborne, Clark, Cleveland, Clowney, Coles, Connor, Craig, Cushman, Davee, De Graff, Dromgoole, Ducau, Edwards, Elmore, Farrington, Fairfield, Foster, Fry, Gallup, Gblason, Glascock, Grantland, Grant, Gray, Griffin, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Hol-

sey, Holt, Howard, Hubley, W. H. Hunter, Robert M. T. Hunter, Iogham, T. B. Jackson, J. Jackson, Joseph Johnson, Nathaniel Jones, J. W. Jones, Kemble, Kilgore, Klingensmith, Legare, Leadbeater, Logan, A. Loomis, Lyon, J. M. Mason, Martin, M'Kay, R. M'Clellan, A. M'Clellan, M'Clure, M'Kim, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Muhlenberg, Murray, Noble, Owens, Parker, Parmenter, Paynter, Pennypacker, Petriken, Phelps, Pickens, Plummer, Potter, Pratt, Prentiss, Reiley, Rhett, Richardson, Sheffer, Shieler, Spencer, Stewart, Taylor, Thomas, Titus, Toucey, Towns, Vail, Vandervoer, Wagener, Webster, Weeks, Thomas T. Whittlesey, J. W. Williams, Worthington, Yell—118.

Notes—Messrs. Adams, Alexander, H. Allen, John W. Allen, Ayer, Bell, Biddle, Bond, Bouldin, Briggs, W. B. Calhoun, John Calhoun, W. B. Campbell, Wm. B. Carter, Casey, Chambers, Cheatham, Childs, Corwin, Cray, Cranston, Crockett, Curtis, Cushing, Darlington, Dawson, Davies, Deberry, Dennis, Dunn, Evans, Everett, Ewing, R. Fletcher, Fillmore, Goode, J. Graham, Wm. Graham, Graves, Grennell, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Jenifer, Henry Johnson, W. C. Johnson, Lincoln, A. W. Loomis, Mallory, Marvin, S. Mason, Maxwell, M'Kennon, Menifee, Mercer, Milligan, M. Morris, C. Morris, Naylor, Noyes, Ogle, Patterson, Pearce, Peck, Phillips, Pope, Poits, Rariden, Reed, Rencher, Ridgway, Rives, Robertson, Rumsey, Russell, Sawyer, Sergeant, A. H. Shepperd, C. Shepard, Shields, Sibley, Slade, Smith, Snyder, Southgate, Stanly, Stratton, Taliaferro, Thompson, Tillinghast, Toland, Underwood, A. S. White, J. White, E. Whittlesey, L. Williams, Sherrod Williams, J. Williams, C. H. Williams, Wise, and Yorks—106.

FOREIGN INTELLIGENCE.

By the Great Western.

AMERICAN STOCKS.

LONDON, Oct. 23, Noon.—The American securities have not improved in value since our last quotations. The following are the prices of the day, with a very limited business.

Five per cent. pound sterling, Alabama 93 to 94.

Do. Alabama, 83 to 84.

Do. Indiana, 83½ to 84½.

Do. Louisiana (Lizard's) 96 to 97.

Do. Louisiana (Baring's) 95 to 96.

Six per cent. Mississippi, 93 to 94.

Do. Ohio, 1856, 100½ to 101½.

Five per cent. New York, 91 to 95.

Do. Pennsylvania, according to dates, 92 to 96.

United States Bank shares £24 17s. 6d.

Five per cent. New York city, 90½ to 91½.

Six per cent. Virginia, 95 to 96.

Do. New Jersey Railroad, 102 to 104.

Do. Illinois, 83½ to 84½.

Five per cent. South Carolina in £ sterling, 95.

LIVERPOOL GRAIN MARKET.

October 20.—The duty on wheat from foreign ports in this week increased 1s. per qr. and 7½ per brl. on flour—making the duty now 22s. 8d. per qr. on wheat and 13s. 7d. on flour; there being every prospect of the duties receding at no distant period, the holders of bonded wheat and flour are not very eager sellers,

though about 2s. to 2s. 6d. per 70 lbs. less than the same quality free would be given. A cargo of very fine Odessa wheat in bond has been sold at 8s. per 70 lbs. and flour at 32s. to 35s. per bbl.

Oct. 23.—At this day's market the advance above mentioned was steadily demanded for wheat and flour, and fully obtained to a fair extent, but the millers, dealers, and speculators, having purchased so freely last week, the business done this day was not very extensive; for oats and oatmeal, and for every other article in the trade there was a better demand, at the small advance noted in the prices current below, and now again affix quotations to wheat in bond, though almost nominally:—wheat, per 70 lbs. English, 9s. 10d. a 11s. 3d.; Scotch, 8s. 8d.; Irish, 8s. 3d. a 10s.; bonded, 9s. a 9s. 6d. Flour, English, per 280 lbs.—fine 52s. a 56s.; Irish, 52s. a 55s.; American, per brl. free, sour, bonded, 36s. a 39.

Oct. 26.—We have to report since Tuesday, a moderate supply of wheat, coastwise and from Ireland, and that of oatmeal is to a fair amount; but of other articles thence, and especially flour, the fresh arrivals in for to-day are light. From the continent of Europe, the import merely 1,960 quarters of wheat, and from Canada 3,195 barrels of flour.

Encouraged by the advance in other markets, the wheat trade continued to improve during the last two days; and at our corn exchange this morning, a considerable degree of firmness prevailed, particularly as to foreign and Irish wheats, all descriptions of old commanding 3d. per 70 lbs. over the current rates of Tuesday, and Irish new, of which two or three small lots only appeared to-day, realised, in the absence of a better supply, 10s. 6d., whilst in the value of English we have little or no change to note—nor were the transactions in general so lively or extensive as those in the early part of the week.

Flour continuing in fair demand, was 2s. per sack dearer.

LIVERPOOL, Oct. 19.—Cotton.—In the early part of the present week we had a fair trade demand for cotton, and considerable purchases were made by exporters, giving the market a more healthy appearance, though without improvement in price. On the receipt, on Tuesday, of late accounts from the United States, by the Great Western, via Bristol, holders withdrew a considerable portion of their stocks from the market, and buyers were compelled to pay an advance of ½d. to 1½d. per lb. on all qualities of American below good and fair, and at this improvement extensive sales have been made, the market closing yesterday firmly, though with rather more cotton offering at full prices. 9000 American and 1,500 Surat have been taken on speculation, and 3,100 American and 650 Surat for export.

Sales 60 Sea Island, 15½ to 29d; 70 stained do. 7 to 11½d.; Upland, 5 to 7½d.; 5,980 Mobile, &c. 5 to 7½d.; 12,000 New Orleans, 5 to 8½.

The demand for cotton continues, but with less activity, and more on sale at full prices. The transactions, including 2000 American on speculation, late yesterday, not then reported, have been 5000 bales. Taken on speculation this year, 106,060; same in 1837, 121,150. Computed stocks, Oct. 16, 1838, 444,400 bales; same period, 1837, 253,700.

Tobacco very firm, the range for leaf being 6d. a 10d., and for stemmed 7½d. a 12d.

Oct. 26.—Cotton.—The sales to-day being taken at 12 o'clock they do not amount to more than 2,500 bags; the sales of the week are 43,109 bags, of which 14,550 have been taken by speculators, but only 300 for export. The market has closed quietly, and prices are generally ½ per lb. lower than on Tuesday.

From the London Sun of the Evening of October 26.
MONEY AND CITY NEWS.

(From the Morning Papers of this day.)

Times.—A very general impression prevails in the money-market that some measures are in contemplation in the bank parlour for creating greater facilities in regard to money. Some notices on the subject was fully expected after the weekly meeting held to-day, but it has not yet appeared, and some persons are inclined to think that a difference of opinion has arisen in the matter among the directors. As far as can be collected, the intention seems to have been to make permanent that arrangement by which accommodation is at present given on the deposits of bills of exchange, from the shutting of the books at the bank for the payment of the dividends and which is proposed to be done at the rate of 3 or 3½ per cent.

No one can doubt, who understands the question, that any attempt at this moment to increase the issue of paper on the part of the bank by any other means than those created by the natural demands of trade, must have an injurious effect, and the affairs of the bank have been conducted with so much prudence since the crisis, that it is difficult to imagine, but for the confidence with which these statements are publicly made, that any such intention exists. The country circulation is of itself, notwithstanding the reduction that has taken place since the last return, more than it ought to be, so that discreet bankers in the manufacturing districts are beginning to draw in their loans; and to take a contrary course by the bank would be to add fuel to the fire, which otherwise would be quietly extinguished.

The reports relative to the proceedings at the weekly board at the Bank of England, held to-day, had the effect of slightly improving the funds. Consols left off at 93½ to 4 for money and the account. Bank stock was 203½ to 4½; India stock, 261½ to 2½; exchequer bills, 64s. to 66s. premium.

There was a little speculation in Spanish bonds, arising out of some proceedings taken by the committee of bond holders in Paris, against funds supposed to be in the hands of the house of Rothschild, these belonging to the Spanish government.

The share market was dull. Great Western 12½ to 13½; London and Birmingham 84 to 85.

LONDON, October 26.—One o'clock.—Consols opened this morning at the leaving off prices of yesterday, 93½, 94, both for the money and account, with little doing as yet; exchequer bills, 64, 66.

Three o'clock.—Consols for the account, 94, 94½.

PARIS, Oct. 24.—Five per cents, 109f. 45c. 50c; four per cents, 102f; three per cents, 81f. 15c. 10c. 5c; bank actions, 2,630f.

BANK OF ENGLAND.

Quarterly average of the weekly liabilities and assets of the Bank of England, from the 24th July to the 16th October, 1838, both inclusive, published pursuant to the act 3 and 4 William IV., cap. 98.

Liabilities.		Assets.	
Circulation, £19,259,000		Securities, £22,015,000	
Deposites, 9,327,000		Bullion, 9,437,000	
£28,586,000		£31,452,000	

Downing street, Oct. 10, 1838.

Money continues very easy upon the stock exchange and some large sums have been advanced upon consols and other securities from day to day at 2 per cent.

The government commissioners have laid out about £20,000 sterling, about one half in the three-and-a-half per cent. reduced, and the moiety in the fixed annuities on account of the Savings Bank.

Bristol, Oct. 27th.—*Private and Joint Stock Banks.*—By the quarterly returns of the circulation of the private and joint stock banks, from the 30th of June to the 29th of September inclusive, it appears that the circulation of the private country banks has been reduced in the sum of £299,436; while the circulation of the joint stock banks on the aggregate has been increased in the sum of £81,105.

The total issues of the two descriptions of banks, without the pole of the Bank of England corporation monopoly, however, amount to £11,364,962, which is less than the sum noted in the last return by the sum of £380,541.

From the Express.

Relative value of the Real and Personal Estate in the City and County of New York, as assessed in 1837 and 1838.

Wards.	Assessment of 1837.		Assessment of 1838.	
	Real estate.	Per. estate.	Real estate.	Per. estate.
1st	\$23,497,344	28,559,785	32,859,050	29,527,159
2d	16,148,150	2,140,921	16,276,850	2,066,679
3d	13,091,200	3,675,690	14,237,400	5,625,964
4th	9,190,450	2,911,350	8,722,200	2,084,000
5th	11,213,550	1,012,982	10,369,100	3,961,913
6th	8,048,800	2,002,881	8,583,600	3,698,606
7th	11,008,875	1,724,200	14,186,600	4,670,780
8th	11,662,050	2,248,080	13,244,550	2,523,668
9th	3,038,850	1,633,784	8,692,800	1,400,494
10th	7,209,750	1,172,000	6,762,050	805,250
11	4,048,200	269,800	4,138,700	211,143
N. Y.	9,397,000	2,505,150	9,827,000	2,045,860
L.	621,760	13,000	684,000	4,000
13th	4,222,500	488,083	4,269,000	302,086
14th	6,447,588	1,871,218	6,668,400	2,112,836
15th	17,029,640	5,328,210	14,368,100	7,065,272
S. 16th	11,558,112	3,093,500	12,397,000	507,500
N. 16th	5,047,050	109,000	5,216,402	74,000
17th	9,210,650	7,111,105	10,141,324	832,301
31,450,109		67,597,211	191,543,359	63,000,592

Aggregate of 1838, \$264,152,941
1837, 263,747,350

Increase of personal estate, 405,591
Decrease of real estate, 2,312,341
1,906,750

Total increase, \$405,591

Comparative View of Valuations.

Valuation.		Valuation.	
1805	\$25,645,867	1821	\$68,285,070
1806	26,529,630	1822	71,080,114
1807	54,969,955	1823	70,940,820
1808	25,018,720	1824	83,070,676
1809	24,782,287	1825	101,160,046
1810	25,366,370	1826	107,477,781
1811	26,045,730	1827	112,210,926
1812	26,245,040	1828	114,019,533
1813	27,610,230	1829	112,526,016
1814	29,901,497	1830	125,288,516
1815	81,036,042	1831	139,280,214
1816	82,074,200	1832	146,302,618
1817	78,896,735	1833	166,491,042
1818	80,245,091	1834	186,548,511
1819	79,113,061	1835	218,723,700
1820	68,590,763	1836	309,606,920

SALES OF STOCK AT PHILADELPHIA.

November 19.

\$1000 City Fives, 1856,	103	100
27 shares U. S. Bank,	121	100
65 " Girard Bank,	50½	50
50 " " 30 days b. o.	51	
28 " " "	50½	
6 " M. & M. Bank, Pitts.	53½	50
20 " Louisville Bank,	97	100
22 " Kentucky Bank, 25 days,	89	100
25 " " "	88½	
32 " Metropia,	95	
70 " M. & T. Loan,	18	20
\$650 Lehigh Sixes, 1845,	100½	100
15 shares Camden and Amboy,	128	
5 " Harrisburg Railroad,	45½	50

SALES OF STOCK AT NEW YORK.

November 17.

200 shares U. S. Bank,	120½	121
575 " Del. and Hudson Canal,	70½	70½
100 " Vicksburg Bank,	78½	78½
45 " Planters' Bank, Miss.	100	99
100 " New Hope Bridge,		56
113 " Mohawk Railroad,		62½
1000 " Harlem Railroad,	52	51½
585 " Boston & Providence R.R.,	103	103½
150 " Patterson Railroad,	54	54
640 " N. J. Railroad & T. Co.	101½	103
75 " Utica Railroad,		118

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

November 17.

Bills on London, 60 days sight, 9½ a 9½ p. cent. prem.	
" France, " 5 17½ a — fr. p. doll.	
" Holland, " 40½ a 40½ cts. p. guild.	
" Hamburg, " 36 a 36½ cts. p. m. ba.	
" Bremen, " 80 a 80½ cts. p. rix doll.	
" Boston, at sight, per a ½ discount.	
" Philadelphia, " ½ a ½ do.	
" Baltimore, " ½ a ½ do.	
" Richmond, " 1 a 1½ do.	
" N. Carolina, " 2 a — do.	
" Charleston, " ½ a 1 do.	
" Savannah, " 2 a 2½ do.	
" Augusta, " 2 a 2½ do.	
" Mobile, " 2½ a 4½ do.	
" New Orleans, " 1½ a 1½ do.	
" Louisville, " 2 a 2½ do.	
" Nashville, " 5 a 6 do.	
" Natchez, " 6 a 6½ do.	
" St. Louis, " 2½ a 3½ do.	
" Cincinnati, " 1½ a 2½ do.	
" Michigan, " 10 a 12 do.	
" Detroit, " 4 a 5 do.	
American gold, 7 premium.	
do. new coinage, per a ½ do.	
Spanish dollars, 3 a 4 do.	
Carnius do. 6 a 7 do.	
Mexican dollars, 1 a 1½ do.	
Half dollars, per a ½ do.	
Five-franc pieces, 84½ a 94½ cents each.	
Doubleons, \$16 50 a \$16 75 do.	
do. patriot, 15 60 a 15 75 do.	
Sovereigns, \$4 85 each.	

WEDNESDAY, NOVEMBER 21, 1836.

For the last four or five weeks money in Philadelphia has been gradually becoming scarce, and the pressure is probably now greater than it has been at any period since the general suspension of specie-payments in May, 1837. The banks are curtailing their loans, and thereby rendering the currency more valuable, so as to keep down the exchange below the specie exporting point. Money is worth out of doors one per cent. a month upon the best paper. The following statement of semi-annual dividends declared by fourteen of the banks of the city of Philadelphia and Liberties, early this month, would seem to indicate a redundant currency. The other three banks, viz. the United States, the Pennsylvania, and the North America, declare their dividends at another period of the year. Money in New York and Boston is said to be abundant, owing probably to the banks in those cities having made their curtailments before the resumption. It is supposed, that were it not for the Bank of the United States supplying the demand for bills on London at 9½ per cent. the rate would go to 10 or 10½, in which case specie would be exported.

BANK DIVIDENDS IN NOVEMBER.—The following dividends, for the last six months, have been declared by Philadelphia banks:—

Girard,	3½ per cent.
Western,	3½ "
Schuykill,	3½ "
Mechanics',	6 "
Farmers and Mechanics',	4 "
Moyamensing,	3 "
Philadelphia,	3½ "
Commercial,	4½ "
Northern Liberties,	5 "
Southwark,	5 "
Kensington,	4 "
Manufacturers and Mechanics',	3½ "
Penn Township,	6 "
Kensington,	4 "

THE NEW YORK BANKING SYSTEM.—We republish to-day a very able pamphlet, which first appeared in the year 1827. It is from the pen of the Rev. Dr. M'Vickar of New York, and was no doubt highly instrumental in preparing the public mind of that state for the adoption of the new banking law, of which a copy was published at page 4 of the present volume of the Register. Copies of this pamphlet, we understand, can be had at the bookstore of the Messrs. Carville, in New York.

TERMS.

PUBLISHED WEEKLY AT \$3 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

Subscriptions received by
Weeks, Jordan & Co., Boston;
Wm. Burns, 202 Broadway, New York;
Nathan Hickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for dissimulations or sounds, but for the intrinsic value."—Locke on Money.

Vol. II.

WEDNESDAY, NOVEMBER 28, 1838.

No. 22.

PROCEEDINGS

Of an adjourned meeting of Delegates of various Banks, from different States in the Union, held at the City Hall, city of New York, commencing on Wednesday, April 11, 1838.

At an adjourned meeting of delegates of various banks, from different States of the Union, held at the City Hall, in the city of New York, on Wednesday, the 11th day of April, 1838.

The president, the Hon. SAMUEL HUBBARD, took the chair, and called the meeting to order at twelve o'clock, M.

The committee on elections, after calling the roll, and receiving the credentials of new members, reported, that one hundred and forty-three members were in attendance, representing the following states and district, viz., Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia, Virginia, North Carolina, Mississippi, Indiana, Illinois and Missouri.

The president read a letter from William D. Lewis, resigning his office as one of the secretaries of the Convention, which, on motion of Mr. Van Ness, of the District of Columbia, was laid upon the table.

On motion of Mr. Van Ness, of District of Columbia, it was

Resolved, That the president nominate to the convention a secretary to supply the vacancy occasioned by the resignation of Mr. Lewis.

Whereupon, the president nominated John A. Rockwell, of Connecticut, who was unanimously appointed.

Mr. Lawrence of New York, submitted the following resolution:

Resolved, That the presidents and cashiers of the city banks, and also the officers of banks in other places, who may be in the city at the time the convention is held, be permitted to attend as spectators.

Which, on motion of Mr. Shaw of Massachusetts, was laid upon the table. *Ayes*—Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia, Virginia, North Carolina, Mississippi, Indiana, Illinois, and Missouri—17. *Noes*—New York—1.

The president read a letter from the officers of the banks of the city of Philadelphia, assigning their reasons for not attending the adjourned meeting of the convention.

Which, on motion of Mr. Brockenbrough of Virginia, was laid upon the table. *Ayes*—Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia, Virginia, North Carolina, Indiana, Illinois, and Missouri—17. *Noes*—Mississippi—1.

Mr. Howard of Maryland, submitted the following resolution:

Resolved, That the delegates from New York be requested to lay before the convention, copies of all or any correspondence between them, or any committee of the banks of the city of New York and the banks of Philadelphia, or with any other banks in the United States, since the adjournment of this convention in December last.

Which, on motion of Mr. MacFarland of Virginia, was laid upon the table.

Mr. Brockenbrough of Virginia, submitted the following resolutions, which on his motion were unanimously referred to a committee consisting of one member from each state and district represented, to be designated by the several delegations.

Resolved, That it be recommended to all the banks of the several states, to resume specie payments on the day of next, without precluding an earlier resumption on the part of such banks as may find it necessary, or deem it proper; and—*Resolved* farther, that the banks represented in this convention, pledge themselves to resume the payment of their liabilities in specie on the day above mentioned.

Resolved, That it is essential to the success of the effort to return, to specie payments and to restore the currency to a sound condition, that the banks should be sustained by the general government; and that this convention adopt the foregoing resolution, relying on the fostering disposition and action of the government towards the banks.

Mr. Rockwell, of Connecticut, submitted the following resolutions, and moved that they be referred to the same committee.

Resolved, That in the opinion of this convention, with the co-operation of the general government, it would be practicable for the banks of the United States to resume, at an early day, the payment of specie.

Resolved, That a committee be appointed of one from each state, to communicate immediately with the executive of the United States, and invite the co-operation of the government in effecting an early return to specie payments, and report at the present session of this convention.

Mr. Bacon of Connecticut, moved to lay the resolutions on the table.

Mr. Newbold, of New York, placed in the possession of the convention, copies of a correspondence between himself and the Hon. Levi Woodbury, upon the subject embraced in the foregoing resolutions, which were read and laid upon the table; whereupon, Mr. Rockwell of Connecticut withdrew the resolutions.

Communications were received through the president from John Tilford, president of the Northern Bank of Kentucky; A. Thornton, cashier of the Bank of Louisville; E. F. Englesby, president of the Bank of Burlington, Vermont, which were read, and on motion of Mr. Williams of Massachusetts, ordered to be placed on file.

On motion of Mr. J. G. W. Trumbull of Connecticut, the convention adjourned to meet to-morrow morning, at 10 o'clock.

—
Thursday, April 12th, 1838.

Communications were received through the president, from William H. Pope, president of the Bank of Kentucky, and John Rice, cashier of the New Hampshire Union Bank, at Portsmouth, which were read and laid upon the table.

The following gentlemen were appointed to constitute the committee under the resolution offered by Mr. Brockenbrough of Virginia, and adopted yesterday :

Messrs. Ashur Ware, of Maine.
George T. Hodges, of Vermont.
D. H. Treadwell, of New Hampshire.
Philip Maret, of Massachusetts.
Wm. Richmond 2d, of Rhode Island.
Asa Bacon, of Connecticut.
Albert Gallatin, of New York.
Silas Condit, of New Jersey.
Jesse Caruthers, of Pennsylvania.
Joseph Bailey, of Delaware.
John B. Morris, of Maryland.
John P. Van Ness, of District of Columbia.
John Brockenbrough, of Virginia.
Duncan Cameron, of North Carolina.
J. F. D. Lanier, of Indiana.
J. J. Hughes, of Mississippi.
Martin Thomas, of Missouri.
John Delafield, of Illinois.

On motion of Mr. Gallatin of New York, the following resolutions were adopted :

Resolved, That the committee before named, have the power of adding to their number one member from each state not now represented, in case there should be delegates in the city from such states.

Resolved, That all the information in regard to the condition of the banks in the respective states, in the possession of the several delegates to this convention, be referred to the committee consisting of one member from each state.

On motion of Mr. Howard of Maryland, the following resolution was adopted :

Resolved, That the members of the convention be requested to furnish the committee with any information in their possession that may be important.

Mr. Mercer of Virginia, moved that when this convention adjourn, it will adjourn to meet to-morrow at 12 o'clock.

Mr. Johnson of New York, moved 10 o'clock.

The motion to adjourn to 12 being decided in the negative—the motion to adjourn to 10 was carried.

On motion of Mr. Williams of Massachusetts, the convention adjourned.

—
Friday, April 13th, 1838.

Mr. Ware of Maine, Chairman of the committee of one from each state, informed the convention that the committee were not prepared to report, and had desired him to ask the convention to take a recess to enable them to complete their labours.

On motion of Mr. Maret of Massachusetts, the convention resolved to take a recess until 2 o'clock.

EVENING SESSION.

Mr. Ware of Maine, from the committee of one from each state, made the following report :

The committee of one from each state, to which was referred the resolutions of Mr. Brockenbrough of Vir-

ginia, and the subject of designating a day for the general resumption of specie payments, have had the subject referred to them under consideration, and beg leave to report :

That said committee have adopted the following resolutions, which they recommend to the convention for consideration and adoption, viz :

Resolved, That it be recommended to all the banks of the several states, to resume specie payments on the first Monday in October next, without precluding an earlier resumption on the part of such banks as may find it necessary or deem it proper.

Resolved, That it is important to the success of the effort to return to specie payments, and to restore the currency to a sound condition, that the banks should be sustained by the general government.

On motion of Mr. Maret of Massachusetts, the report and resolutions were laid upon the table and ordered to be printed.

On motion of Mr. Maret of Massachusetts, it was *Resolved*, That when this convention adjourn, it will adjourn to meet to-morrow morning at 10 o'clock.

On motion of Mr. Maret of Massachusetts, the convention adjourned.

—
Saturday, April 14th, 1838.

On motion of Mr. Maret of Massachusetts, it was *Resolved*, That the letter from the officers of the Philadelphia banks be placed upon the minutes of the proceedings of the convention.

Philadelphia, April 4th, 1838.

SIR—At a meeting held this day, of committees from all the banks of the city and liberties of Philadelphia, a notice was received from you of the adjourned meeting of the convention of banks, to be held at New York on the 11th of this month. The banks of Philadelphia having declined to send delegates to that adjourned meeting, I have been instructed to apprise you of their determination; and as a just mark of respect to the convention, as well as to yourself personally, to state the reasons of their absence. This duty I have to perform.

On the 19th of August, 1837, an invitation was given to the banks of Philadelphia, in behalf of the banks of the city of New York, to meet in convention at the city of New York, "for the purpose of agreeing on the time when specie payments should be resumed, and on the measures to effect that purpose." The reason assigned for the invitation was, that "it would be impracticable for those of any particular section to resume, without a general explanation of at least the principal banks of the great ports of the country; a mutual and free communication of their respective situations, prospects and opinions, seem to be a necessary preliminary step." To this the banks of Philadelphia answered on the 29th of August, stating their belief that "the general resumption of specie payments depends mainly, if not exclusively, on the action of congress, the body charged with the general power over commerce, and the exclusive power over the coinage; and without whose co-operation all attempts at a general system of payments in coin throughout this extensive country, must be partial and temporary;" and they concluded with a declaration, "that it is inexpedient at this time to appoint delegates to the proposed convention."

At a subsequent period, on the 21st of October, 1837, a second invitation was received from the banks of the city of New York, for a similar meeting on the 27th of November. Although entertaining precisely the same opinions as to the inexpediency of any resump-

tion, without previously understanding the intentions of the government, the banks of Philadelphia were yet unwilling to do any thing which might seem to be discourteous to the banks of the city of New York, and accordingly sent delegates to the convention. After remaining in session for a week, that body was unable to name any day for the resumption; but adjourned to meet again the 11th of April, "for the purpose of considering, and if practicable, determining upon the day when specie payments may be resumed;" at the same time resolving—"that the banks in those states not now represented, be earnestly requested to send delegates to the adjourned meeting of this convention; and that the several delegates from all the states, be desired to procure all such information in regard to the condition of the banks in their respective states, as may be attainable."

On the 26th of January, a delegation from the banks of the city of New York visited Philadelphia; and while there, addressed a letter to the Philadelphia banks, stating that they were desirous of ascertaining "if the Philadelphia banks will agree with them to name a day, not later than the period mentioned, (May,) when they will simultaneously adopt the same measure."

To this the Philadelphia banks answered on the 31st of January, stating, that "It is undoubtedly true, that any resumption to be easy, must be simultaneous; and to be effectual, must be general. Nor is it less true, that a partial resumption by any party to the convention must derange the relations of the whole to each other, and disturb the preparations which all are making to produce an uniform result at the period fixed by the convention. The banks of Philadelphia, therefore, consider it scarcely just or respectful to the banks of other states, whose co-operation was in the first instance invited, to take any steps in opposition to what was settled by the convention, without full concert with the other members of that body, who appeared under the conviction that no action would take place on a matter so important to their interests until they were re-assembled;" and added, "on a careful consideration of all those circumstances, the banks of Philadelphia think it premature to name any day for the resumption of specie payments until the adjourned meeting of the convention."

Soon after the return of that delegation, the banks of the city of New York published on the 28th day of February a declaration, that "in contemplation of the resumption of specie payments by the banks of the city of New York, on or before the 10th of May next, and under the uncertain contingency of a simultaneous or early resumption by the banks of some of the other great commercial cities, it is incumbent on those of New York to adopt all the measures within the limits of their resources, which may enable them not only to resume, but also to maintain specie payments." And immediately a general meeting of the citizens of New York adopted the following resolution—"That this meeting hail with great satisfaction, the declarations on the part of the New York city banks of their purpose to resume specie payments on or before the 10th of May next."

From this review it is manifest—That the convention contemplated was one embracing delegates from every part of the Union; meeting in good faith to confer on subjects of equal interest to them all; exchanging opinions frankly; giving information as to the conditions of the respective sections they represented, so as to fix some scheme of action which might unite all interests, and combine all efforts. That was the design of the original meeting of the convention—that ought to be the object of the adjourned meeting. It

was therefore seen with equal surprise and regret, that the banks of New York announced their determination to resume on a day named. This was done without waiting for the meeting of the delegates, which they had themselves invited to New York. It was done in obvious opposition to the spirit of consultation and enquiry, which were presumed to be the whole purpose of the convention. It was done in disregard of the friendly but decided opinion of the Philadelphia banks, that it would be neither just nor courteous to act until the convention were re-assembled. Of the propriety of this determination by the banks of the city of New York, the banks of Philadelphia do not presume to offer an opinion. But it is manifest, that this decision gives an entirely new character to the convention. The party who convoked the assembly to confer with the other banks on the several interests of all, has, without waiting for their arrival, decided the question exclusively in reference to his own peculiar interests. It meets them to discuss what is already settled; and the only point which remains will be, not whether the banks of New York and the banks of all the other states should resume specie payments, but simply whether, the banks of the city of New York having decided to resume specie payments on a day named, the banks of the other states must do the same. In that question the banks of Philadelphia desire to take no part. They do not wish to give any advice in regard to the course which the banks of the city of New York have resolved to pursue; they do not wish to receive any from those banks touching their own course. Accordingly, they deem it better to abstain altogether from a meeting in which their delegates can no longer find an appropriate place.

I need scarcely add, that this determination implies not the slightest want of respect to the convention, or to its highly respectable presiding officer, but is founded exclusively on consideration of duty to themselves, and to the general interests of the country.

I have the honour to be,

Very respectfully,

(Signed) W. MEREDITH, Chairman.

SAMUEL HUBBARD, Esq.

President of the Convention.

Attest—T. B. TREVOR, Secretary.

At a meeting of the association of the delegates of the banks of the city of Philadelphia and districts, held on the 4th day of April, 1838, the following resolutions were adopted:

Resolved, That it is inexpedient to send delegates to the adjourned meeting at New York, of the bank convention, on the 11th of this month.

Resolved, That the following letter be transmitted by the chairman of this meeting to the president of that convention, to explain the reasons of the absence of the delegates from Philadelphia.

Extract from the minutes,

T. B. TREVOR, Secretary.

The great desire I have to give you the earliest information of the doings of our banks, must be my excuse for the hasty manner in which the above has been written.

On motion of Mr. Van Ness of the District of Columbia, it was *Resolved*, That the letters from John Rice, cashier of the New Hampshire Union Bank; A. Thurston, cashier of the Bank of Louisville; W. H. Pope, president of the Bank of Kentucky; John Telford, president of the Northern Bank of Kentucky; and E. T. Engleby, president of the Bank of Burling-

ton, Vermont, be placed upon the minutes of the proceedings of the convention.

New Hampshire Union Bank,
Portsmouth, April 3d, 1838.

HON. SAMUEL HUBBARD,
President, &c. &c.

SIR—I am instructed by the directors of this bank, to acknowledge the receipt of your circular of 4th December last, and to express to you their readiness to resume specie payments at any time after this day, and whenever the banks in the city of Boston shall resume.

But, sir, I would at the same time express to you the deep sensibility of our directors with regard to the measures proposed, and now before congress for their consideration, which may deeply affect the currency, and deplorably injure the financial and business operations of our country. Should the apparent hostility of our present rulers be continued and sustained against the moneyed institutions of the country, our directors cannot look forward to a time when a general resumption of specie payments may be adopted, and maintained, by the banks in Portsmouth. Relying on the integrity and intelligence of the delegates from your city, this bank will cheerfully conform to such measures as they may deem proper and necessary to promote their interests as well as ours, which we deem to be one and inseparable.

I have the honour to be,
Very respectfully, sir,
Your obedient servant,
(Signed) JOHN RICE, Cashier.

Bank of Louisville,
March 24th, 1838.

SAMUEL HUBBARD, Esq.
President, &c. &c.

SIR—Your letter of the 4th of December last, has been received and submitted by the president to our board of directors; when, on motion, the following resolution was adopted:

"Whereas, The president of the bank expects to be in the city of New York about the period of the adjourned meeting of delegates from various banks in the United States, to be held in the city of New York on the second Wednesday of April next; be it Resolved, That he is fully authorised and empowered at his discretion, to represent this bank in said convention."—Extract from the minutes.

I herewith hand you a statement of the condition of the bank, as it existed on the 24th instant.

Very respectfully,
Your obedient servant,
(Signed) A. THURSTON, Cashier.

Bank of Kentucky,
Louisville, 2d April, 1838.

SIR—Believing from the tenor of the public prints, that the adjourned bank convention is not likely to be attended in sufficient numbers for success in the object of its creation—a general resumption of specie payments by the banks of the United States—this institution deems it unnecessary to be represented.

Its directors, however, wish to lend all the influence within their means to the attainment of an object so desired, and will willingly co-operate with a majority of the banks of the United States for that purpose; or they will resume specie payments simultaneously with the majority of the eastern and western banks.

Without a general co-operation among banks, they

feel satisfied that little good can be done; while the result will be a heavy pressure on the community, with the probability of a failure to attend the object proposed.

Very respectfully, your obedient servant,
(Signed) W. H. POPE, President.
To the President of the Bank
Convention, New York.

Northern Bank of Kentucky,
Lexington, March 22, 1838.

SIR—In transmitting to you the extract from the minutes of the proceedings of this board, you will be apprised of our reasons for not attending the proposed adjourned meeting, as requested in your circular letter of 4th December.

This institution will concur heartily in every measure that may have a tendency to produce a restoration of specie payments: of her ability, the enclosed statement, exhibiting her situation, will more fully show.

I am, sir, respectfully,
Your obedient servant,
(Signed) JNO. TILFORD, President.
SAMUEL HUBBARD, Esq.
President of the Convention of
Delegates from Banks.

Northern Bank of Kentucky,
Lexington, March 22d, 1838.

Extract from the Minutes of the Board, March 13, 1838.

The president communicated a circular letter from Mr. HUBBARD, president of the meeting of banks, in New York, naming that said meeting had adjourned to the second Wednesday in April, and asking this bank to be represented at said meeting; whereupon it was

Resolved, That inasmuch as the legislature of this state at their recent session, had directed the action of the banks of this state in regard to specie payments, as follows, viz:

"That should said banks, or any of them, not resume specie payments *port-passu* with the banks of the eastern cities, and those of the surrounding states, or within thirty days after those banks shall generally resume, the governor of the commonwealth shall issue his proclamation stating the fact, and fixing a day for the banks to resume specie payments."

And it being the intention of this bank to comply with the requisition, therefore, be it further Resolved, That in the opinion of this board it will be unnecessary to be represented at the proposed adjourned meeting, but that the president be desired to furnish the president of said meeting with a statement of the situation of the bank, together with an assurance of the hearty co-operation of the institution in all measures that will tend to an early resumption of specie payments.

(Signed) M. T. SCOTT, Cashier.

Bank of Burlington, Vermont,
April 7th, 1838.

SAMUEL HUBBARD, Esq.
President of the Bank Convention, N. Y.

SIR—Annexed I have the honour to forward the vote of our board in relation to the meeting of the bank convention at New York, on the 11th instant.

"At a meeting of the board of directors of the bank of Burlington, April 5, 1838.

Voted—That the president of this board address the president of the Bank Convention, to be holden in the city of New York on the 11th inst. informing him of

the readiness of this bank to resume specie payments at the earliest day which may be fixed by the convention."

I have the honour to be, sir,
Your obedient servant,
(Signed) E. T. ENGBESBY, President.

On motion of Mr. Brockenbrough of Virginia, it was Resolved, That the correspondence furnished to the convention, by Mr. Newbold of New York, with the secretary of the treasury, be placed upon the minutes of the proceedings of this convention.

COPY.

[PRIVATE] Bank of America, April 7th 1838.

DEAR SIR—So much is said in the public press, and daily repeated elsewhere, of the hostile disposition of the government towards the banks, and of the measures in contemplation by the treasury department, calculated it is said to injure and embarrass the banks, and to retard, if not prevent, their resumption of specie payments, that I am induced to address you on the subject. Not however that any thing is necessary to satisfy me that those assertions and assumptions are wholly unfounded; but that you may, if you shall deem it expedient and proper, take measures to correct the misrepresentations and remove the fears and apprehensions that they may have excited in the community, and especially in the minds of many honest and honourable men.

It is loudly and confidently asserted, and widely and industriously circulated, that the measures that will be pursued by the treasury in the collection and disbursement of the public money, will render it difficult for the banks to resume and maintain specie payments. Fears and apprehensions are thus excited, confidence impaired, and the best efforts of the banks are in some degree paralysed. Designing men avail of this state of things to promote and effect their specific purposes, and industry and talent are not wanting to make their efforts essentially mischievous. Permit me, therefore, to ask whether there is no way by which the mischief may be abated and successfully counteracted. Of this you will best judge and determine yourself. My present object is more immediately in reference to the approaching convention of bank delegates to be held in this city, on the 11th instant; and being satisfied that efforts will there be made to impress the belief, that the fears and apprehensions alluded to are well founded, and that it would therefore be unsafe and inexpedient for the banks to fix a day for the resumption of specie payments. I consider it to be of the utmost importance that such efforts should be effectively met, and that all unfounded suspicions and suggestions should be removed or successfully confronted. I beg, therefore, respectfully to suggest for your consideration, whether you will not be pleased to enable and authorize me to communicate to the convention, if it shall be necessary, your views and wishes on the subject of the resumption of specie payments, and the course, or probable course of the treasury in reference to the banks, after they shall have resumed. It is an important crisis for this city and this state—indeed for the whole Union; and being anxious to do every thing in my power to promote and accomplish the right result—a general resumption of specie payments—I am sure that you will excuse me for these suggestions, be your conclusions respecting them what they may.

I am, with great respect,
Dear sir, your obedient servant,
(Signed) GEORGE NEWBOLD.

HON. LEVI WOODBURY,
Secretary Treasury U. S. Washington.

Treasury Department, 9th April, 1838.

SIR—I have to acknowledge the receipt of your letter of the 7th inst. In order that you may fully understand the views and wishes entertained by this department, on the subject of a resumption of specie payments by the banks, and the course to be pursued by the treasury towards them, I herewith enclose copies of two private letters written some weeks since in answer to enquiries similar to yours.

It is only necessary to add, that the same views are still cherished, and that the notes of specie-paying banks at par where offered, are now received for duties, and will undoubtedly continue to be. They are and will be paid out when acceptable to the public creditors, and no accumulation of them beyond our current expenditures is anticipated at any point whatever during the present or ensuing year.

I am, sir, very respectfully,
Your obedient servant,
(Signed) LEVI WOODBURY.
GEORGE NEWBOLD, Esq.
President of the Bank of America.

Washington, 18th March, 1838.

DEAR SIR—In reply to yours of the 14th instant, I hasten to remark, that the treasury department has long been anxious as yourself and many others, for the resumption of specie payments by the banks. All has been and will be done by it, which comes within its limited powers, to promote, at the earliest day possible, so desirable an event.

I do not hesitate to say fully and frankly, that the impression is altogether erroneous, that specie is to be purchased and hoarded by the government. Only a few thousand dollars of it have yet been raised on treasury notes, and none is intended to be hereafter, except to the extent needed to supply the current demands of the government. Whatever may be thus obtained or received for public dues of any kind, will be forthwith paid out again to defray the appropriations; and the settled policy of the department has been, and will be, to keep nothing idle in the treasury, while the power exists to issue treasury notes to meet contingencies and deficiencies, as they may hereafter occur.

Respectfully yours,
(Signed) LEVI WOODBURY.
NATHAN APPLETON, Esq. Boston, Mass.

Washington, March 18th, 1838.

DEAR SIR—In reply to yours of the 16th instant, I hasten to remove any erroneous inferences from the rumour mentioned.

The settled policy of the department, and one which it makes known to all enquirers, is to promote the resumption of specie payments by the banks, so far as its limited powers may permit.

Consequently it has not, and will not hereafter, purchase specie, beyond what may be needed for immediate disbursement; and in that way will neither board it nor compete with others for its possession.

All we receive in any way will immediately be paid out again to defray appropriations.

I make these statements explicitly and promptly, and have forwarded similar ones to Boston, in order that no injurious apprehensions need be entertained as to the financial operations of the government.

Respectfully yours,
LEVI WOODBURY.

J. D. BEERS, Esq.
New York City.

The ayes and nays on the foregoing resolution were as follows. *Ayes*—Rhode Island, Connecticut, New York, Pennsylvania, District of Columbia, Virginia, North Carolina, Indiana, Illinois, Missouri—10. *Noes*—Maine, Vermont, New Hampshire, Massachusetts, New Jersey, Delaware, Mississippi—7.

On motion of Mr. Congdon of Massachusetts, the convention proceeded to the consideration of the report and resolutions of the committee of one from each state.

Mr. Bacon of Connecticut moved to amend the first resolution, by adding thereto the following words: "but in thus calling on the banks to restore the currency to a sound condition, this convention deem the co-operation and cordial concurrence of the general government essential."

The report, resolution and amendment were laid aside to enable the president to communicate the following letter from Maryland delegation, which was read; and on motion of Mr. MacFarland of Virginia, ordered to be placed on the minutes of the proceedings of the convention.

New York, 14th April, 1838.

SIR—The delegation from the banks of the State of Maryland, beg leave respectfully to represent to the convention that they have in accordance with its resolution, passed in December last, attended the present meeting, in the hope and expectation of seeing a full representation from the whole Union now assembled, and that on the present occasion such arrangements and explanations would be made, as would enable the convention on deliberation and in concert, to fix on a day of general resumption of specie payments throughout the country. Being always of opinion, and which they see no reason to change, that to be effectual and permanent, it must be the work of all. In this expectation they find themselves disappointed, particularly in reference to the important States of Alabama, Louisiana, Tennessee, and Ohio, with some other points of considerable consequence, with which the community from which they came is largely connected commercially. As therefore no response has been made from those quarters, and on them much depends the ability of Maryland permanently and effectually to carry out the measure now contemplated.

This delegation therefore, under these circumstances, is reluctantly compelled to decline any present action on the subject matter, and respectfully retires from any further consideration of it on this occasion; at the same time pledging themselves that every exertion will be made to carry out the desired object at the earliest practicable period, and, as they trust, at no distant day.

With sentiments of high consideration, I have the honour to remain on behalf of the Maryland delegation, sir, your obedient very humble servant,

H. W. EVANS, Chairman.

To the Hon. SAMUEL HUBBARD, President.

The convention resumed the consideration of the report and resolutions, and the amendment offered thereto by Mr. Bacon of Connecticut.

Mr. King of Mississippi, moved to lay the report and resolutions on the table; but after discussion, and before any question was taken thereon, withdrew it.

On motion of Mr. Trumbull, of Connecticut, the convention adjourned to meet on Monday morning at ten o'clock.

Monday, April 16th, 1838.

The president communicated the following letters,

which were read, and ordered to be placed on the minutes of the convention.

New York, April 14th, 1838.

SAMUEL HUBBARD, Esq.

President of the Bank Convention.

SIR—As I represent but a small part of the banking capital of the State of New Hampshire, and, by the rules of the convention, votes are taken by states, it would be improper for me to vote in that manner. I have therefore come to the determination to withdraw from the convention.

I remain, very respectfully,

Your obedient servant,

(Signed)

D. H. TREADWELL.

Bank of Marietta, April 6th, 1838.

DEAR SIR—Your communication of the 4th December, made by request of the Convention of Banks, held in the city of New York, in November last, has been duly received, and laid before our board of directors. They have not deemed expedient for this bank to send a delegate to the adjourned meeting, to be held next Wednesday; but I herewith send you a statement of the condition of this bank on the 3d instant; which you can use as you may think best.

I am, respectfully, your obedient servant,

A. T. NYE, Cashier.

SAMUEL HUBBARD, Esq.

President of the Bank Convention, N. Y.

The convention then proceeded to the consideration of the report and resolutions, when Mr. Bacon of Connecticut, withdrew the amendment, to enable Mr. Brockenbrough of Virginia, to offer a substitute for the report and resolutions.

Mr. Brockenbrough of Virginia, moved to amend the report and resolution, by striking out all after the word "report," and insert in lieu thereof the following:

"Whereas, it is found necessary, in order to simultaneous action by the banks in the resumption of specie payments, so to proceed in designating a period for that purpose, as to secure the nearest approach to unanimity; and whereas, whilst in the judgment of this convention, the return to specie payments and preservation of the currency in a sound condition, will depend essentially on the course of the general government: yet this convention regards it as the duty of the banks to make the effort in good faith, exclusive of any direct reference to the prospective measures of the government. At the same time the convention has been happy to observe in recent letters of the secretary of the treasury, specific assurances of an intention to sustain the banks so far as it may be done through the fiscal operations of that department of the government.

Resolved, That it be recommended to all the banks of the several states, to resume specie payments on the first day of January next, without precluding an earlier resumption on the part of such banks as may find it necessary or deem it proper.

Mr. Mather of Illinois, moved a division of the question, so as to take the vote on striking out first.

Mr. Brockenbrough of Virginia, at the suggestion of Mr. Ware of Maine, modified the resolution, so as to leave the time of resumption blank.

The question was then taken on striking out, and decided in the affirmative. *Ayes*—Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, District of Columbia, Virginia, North Carolina and Mississippi—11. *Noes*—New York, Indiana, Illinois, Missouri—4.

The question recurring on the amendment of Mr. Brockenbrough of Virginia.

Mr. King of Mississippi, moved to amend the amendment, by striking out all after words "specie payments" in the resolution, and insert in lieu thereof, "between the 10th day of May next and the 1st day of August 1839; or sooner, if the condition of the banks in the respective states in the Union will justify them in the resumption of specie payments."

Decided in the negative. *Ayes*—Mississippi—1. *Noes*—Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, District of Columbia, Virginia, North Carolina, Indiana, Illinois and Missouri—15.

Mr. Potter of New York, moved to amend the amendment, by striking out the preamble, and insert in lieu thereof, the following:

Resolved, That to promote the prosperity of the agricultural, manufacturing and commercial interests of the country, is the legitimate object for which banks are established; and that a reasonable profit to stockholders is an incident indispensable to their success.

Resolved, That this convention respectfully and earnestly solicit the fostering kindness of the general government to the banks of this Union, in their present interesting situation, under a strong conviction, that, when it has been extended to them, it has greatly promoted their prosperity, and the prosperity of the vast interests aforesaid; and that its continuance cannot fail in future to produce the same desirable results.

Decided in the negative. *Ayes*—Mississippi—1. *Noes*—Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Pennsylvania, Delaware, D. of Columbia, Virginia, North Carolina, Indiana, Illinois, and Missouri—14. New York declining to vote.

Mr. Gallatin of New York, moved to fill the blank in the resolution offered by Mr. Brockenbrough of Virginia, with the words, "the first Monday of October next."

Mr. J. G. W. Trumbull of Connecticut, moved the "1st day of January next."

Mr. King of Mississippi, moved the "first Monday in July, 1839."

Mr. Johnson of New York, moved the "tenth day of May next."

The question on filling the blank with the words "the 1st Monday in July, 1839, was decided in the negative. *Ayes*—Mississippi—1. *Noes*—Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, D. of Columbia, Virginia, North Carolina, Indiana, Illinois and Missouri—14. Pennsylvania declining to vote.

Mr. Johnson of New York, moved to lay the amendment on the table, to enable him to move an amendment to the 16th rule, so as to take the question on the shortest term first. Decided in the negative. *Ayes*—New York, Indiana, Missouri—3. *Noes*—Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, D. of Columbia, Virginia, North Carolina, Illinois and Mississippi—12. Pennsylvania declining to vote.

The question on filling the blank with the words "the first day of January next," was decided in the affirmative. *Ayes*—Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, District of Columbia, Virginia, North Carolina—9. *Noes*—Maine, New York, Indiana, Illinois, Missouri—5. Pennsylvania and Mississippi declining to vote.

Mr. Lanier of Indiana, moved to recommit the preamble and resolution to a select committee, with instructions to report the first Monday in August next. Decided in the negative. *Ayes*—Maine, New York, Indiana, Illinois, Missouri and Mississippi—6. *Noes*,

—Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, District of Columbia, Virginia, North Carolina—9. Pennsylvania declining to vote.

Mr. King of Mississippi, moved to amend the resolution, by inserting after the words January next, the words "or within six months thereafter." Decided in the negative. *Ayes*—Mississippi—1. *Noes*—Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, District of Columbia, Virginia, North Carolina, Indiana, Illinois, and Missouri—14. Pennsylvania declining to vote.

The question on adopting the preamble and resolution of Mr. Brockenbrough of Virginia, was decided in the affirmative. *Ayes*—Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, District of Columbia, Virginia, North Carolina, Indiana, Illinois, and Missouri—13. *Noes*—New York and Mississippi—2. Pennsylvania declined to vote.

On motion of Mr. Lanier of Indiana, it was unanimously

Resolved, That the minutes of the proceedings of this convention be published.

On motion of Mr. Treadwell of Massachusetts, it was unanimously

Resolved, That the thanks of the convention be presented to the Board of Aldermen of the city of New York, for the use of their Hall.

On motion of Mr. Van Ness of the District of Columbia, it was unanimously

Resolved, That the thanks of this convention be presented to the Hon. SAMUEL HUBBARD, for the able and impartial manner in which he has discharged the duties of president of this convention.

On motion of Mr. Caruthers of Pennsylvania, it was unanimously

Resolved, That the thanks of this convention be presented to H. M. BRENT, and JOHN A. ROCKWELL, Esqs. for their services in aiding the convention as secretaries.

On motion of Mr. Van Ness, of the District of Columbia, the convention adjourned *sine die*.

SAMUEL HUBBARD, *President*.

H. M. BRENT,
JOHN A. ROCKWELL, } *Secretaries*.

LIST OF DELEGATES

To the adjourned Meeting of the Bank Convention,
New York, April 11th, 1838.

Hon. Samuel Hubbard of Massachusetts, *President*.
H. M. Brent of Virginia, John A. Rockwell of Connecticut, *Secretaries*.

From Maine.—Asher Ware—1.

Vermont.—Geo. T. Hodges, Hamilton Gay, E. Seymour, Thomas Kendrick, Henry F. Green, Willis Lyman, Benjamin Sivan, jr. Myron Clark—6.

New Hampshire.—Daniel H. Treadwell—1.

Massachusetts.—John A. Parker, Samuel Hubbard, Ignatius Sargent, E. Williams, (Boston,) Philip Barrett, John Kettell, John J. Fiske, Henry Upham, Joseph Grinnell, James B. Congdon, Edward Tuckerman, W. A. Crocker, John Howard, Robert Means, Edward C. Jones, John W. Treadwell, William A. F. Spraght, Samuel B. King, Joseph Ricketson, Franklin Ripley, Nathan W. Neal, Henry Shaw, Benjamin Putnam, William E. Brayton—24.

Rhode Island.—H. P. Franklin, Moses B. Ives, Jas. F. Simmons, William Jenkins, William Rhodes, Wm. Butler, Wm. Richmond 2d, Charles Perry, Stephen F. Northam, C. M. Thurston—10.

Connecticut.—George Beach, Joseph Trumbull, Henry Denison, Roderic Terry, Joseph Pratt, Elijah Hubbard, Samuel Russell, John A. Rockwell, J. G. W. Trumbull, William Williams, Jr., Samuel J. Hitchcock, Sylvanus Sterling, Stephen Tomlinson, Asa Bacon, Daniel Thatcher, William H. Inlay, William St. John, Samuel Tweedy, Aaron Seely, Thomas W. Williams, Jos. Coit, John W. Fitch, Harvey Sanford, Leonard Kennedy, Walter Booth, John W. Leeds—26.

New York.—Albert Gallatin, George Newbold, C. W. Lawrence, Cornelius Heyer, J. J. Palmer, Preserved Fish, G. A. Worth, James Taylor, James Grant, Orrin Inay, P. Wells, A. B. Johnson, James Reid, Richard P. Hart, N. T. Williams, W. Maxwell, William M. Conkey, R. H. Foster, B. B. Lansing, Richard McCarty, William B. Wallis, Ansell St. John, Walter Cunningham, George Vail, John Payne, Lewis F. Allen, H. Pratt, John Stringham, George P. Oakley, Henry Swift, Thomas W. Olcott, Watts Sherman, Thomas L. Davis, William W. McCay, G. N. Seymour, John Wood, T. M. Haight, James Seymour, Orville Hangerford, H. B. Gibson, W. P. Walton, William M. Vermilye, Peter G. Sharp, A. D. Patchen, Isaac Seymour, Jacob Ten Eyck, William M. Borr, Daniel H. Bissell, A. G. Stacy, John Brandegee—50.

New Jersey.—Elias Van Arsdale, T. K. Smith, Silas Condit, Looe Baker, William Edgar, Ephraim Bolles, R. W. Ogden, Jos. A. Halecy, Henry R. Lee, John Taylor, James Bruin, Charles Davis, Stephen D. Day, Ralph Pomroy, C. J. Graham, Joel W. Condit, John Travers—17.

Pennsylvania.—John Snyder, Jesse Caruthers—2.

Delaware.—John Hemphill, Joseph Bailey, George Jones—3.

Maryland.—Hugh W. Evans, James Swann, James Cheston, James Howard, John B. Morris, George Wells—6.

District of Columbia.—John P. Van Ness, William A. Bradley—2.

Virginia.—John Brockenbrough, Hugh Mercer, Wm. H. MacFarland, Henry M. Brent—4.

North Carolina.—Duncan Cameron—1.

Indiana.—James F. D. Lancer, John Law—2.

Illinois.—James G. Mather, John Delafield—2.

Missouri.—Martin Thomas—1.

Mississippi.—J. W. King, J. J. Hughes—2.

AMERICAN EXCHANGE BANK.

ARTICLES OF ASSOCIATION

Under, and in pursuance of an Act of the Legislature of the State of New York, entitled "An Act to authorize the Business of Banking," passed April 18, 1838.

The subscribers to these articles of association have associated, and hereby do associate themselves, and all other persons who shall unite with them, as herein-after provided, for the purpose of establishing and conducting the business of banking under and in pursuance of the act aforesaid, and as authorized by the same. And the subscribers, for themselves and their assigns, hereby bind themselves in conformity with said act, to the performance of the covenants and engagements herein contained.

1. The name of this association shall be "The American Exchange Bank," and this name shall be

used in its dealings. The business of this association shall be Banking, as authorized by said act.

2. The capital of this association shall be* dollars. But may be increased to fifty millions, as hereinafter provided, and shall be divided in shares of one hundred dollars each.

3. The number of the associates of this association shall not exceed the number of shares of its capital. But no person, or persons jointly, copartnership, association, body politic or corporate, except the State of New York and the city of New York, shall own, or hold at any one time, more than one-tenth part of the shares of this association for the time being.

4. The operations of discount and deposit of this association shall be carried on in the city of New York, and there its principal business shall be transacted.

5. This association may establish branches or agencies thereof in the State of New York, and in the other States of the United States of America, or elsewhere, at such places and times, and under such circumstances and regulations as in the By-laws, Rules and Regulations of this association shall be provided.

6. The government and management of this association, its stock, property, and concerns, shall be, and hereby are committed to, and vested in a Council and Board of Directors.

7. The Council shall consist of thirty persons, who shall be called "Councillors," and each of whom shall be a shareholder in this association, and a citizen of the United States.

They shall be elected and hold their offices as hereinafter provided.

The Council shall meet semi-annually in the city of New York, on the first Wednesday after the first Monday in May and November in each year, at such hour and place as shall be specified in the by-laws of this association, and at any other time, and at the same or any other place in the said city, when called together by a written or printed requisition and notice of such meeting, specifying the time and place thereof, signed by any three of the Directors, or any five of the Councillors for the time being, or any twenty of the shareholders of this association, and handed personally, or addressed and sent to the then Councillors thereof, at least ten days before such meeting.

Sixteen Councillors shall form a quorum of the Council for the transaction of business.

The Council shall have the power, and it shall be their duty, to make such By-laws, Rules, and Regulations as in their judgment the government, management and affairs of this association shall require—which By-laws shall, however, be in conformity with these articles of association, and consistent with the constitution and laws of this State, and of the United States.

To establish one or more branches or agencies of this association in the State of New York, or in any other State or States of these United States, or elsewhere, at such place or places therein, and at such time or times as in their judgment shall best promote the objects of this association, and to discontinue them, or any of them, at such time or times as in their judgment shall also best promote the objects of this association.

To make such By-laws, Rules and Regulations for establishing, conducting, discontinuing and closing said branches, or agencies, each and any of them, as in their judgment the affairs of this association, and of

* This blank will be filled with the amount subscribed, before filling the Certificate of organization.

said branches, or agencies, each and any of them shall require.

To make such By-laws, Rules and Regulations for increasing the capital, and number of associates of this association, from time to time, as in their judgment shall best promote the objects of this association, and do the fullest justice to the old and new shareholders.

To examine fully and inspect carefully, from time to time, and as often as they shall think necessary or proper, either in a body, or by one or more committees, the books of account, documents, vouchers, papers, funds, property, effects and business of this association, and the acts, proceedings and transactions of the directors, officers, and agents thereof, and each of them.

To make such By-laws, Rules and Regulations for the transfer of the stock of this association as in their judgment the affairs of this association shall require,—and such By-laws, Rules and Regulations as in their judgment shall be required for a temporary change of the place of business, and the temporary removal and safe-keeping of the funds, property and effects of this association, in case of war, pestilence, or other public calamity, rendering such change and removal necessary.

To elect and appoint such officers and agents for their body as in their judgment shall be required: keep a record of all their acts and proceedings, and communicate officially to the Board of Directors, and to all other officers and agents of this association, to whom it shall be necessary or proper in their judgment to make such communication, copies duly authenticated of all By-laws, Rules or Regulations which they shall, or may make, for the government and management of this association, the property, business and concerns thereof.

To remove any Director or Directors of this association from office for good cause, by a vote of two thirds of all the Councillors thereof.

To fill any and every vacancy in their own body, caused by the death, resignation, the ceasing to be a shareholder, or removal from the United States or otherwise, of any Councillor or Councillors of this association.

The Board of Directors of this association shall consist of seventeen persons, exclusive of those who may be appointed Directors thereof by the State or City of New York, as hereinafter provided; each of whom shall be a citizen of the United States, and shall own and hold, in his own right, twenty shares of the Stock of this association; and shall be elected and hold their offices as hereinafter provided—and nine of whom shall constitute a quorum for the transaction of business.

The Board of Directors, annually from their own body, and as soon as may be, after their election, shall proceed to elect, by ballot, a President and Vice-President of this association, who, so long as they shall continue Directors of this association, shall hold their offices respectively, during the pleasure of the Board of Directors.

The President shall preside at all meetings of the Board of Directors; and in his absence, the Vice-President; and in the absence of both of them, the Board may appoint a Chairman.

The Board of Directors shall manage and conduct the business, stock, property and concerns of this association, but in accordance with the By-laws, Rules and Regulations thereof—shall make such semi-annual dividends of the profits of this association, payable on and after the first Monday of May and November in

each year, as in their judgment shall be prudent and just.

Shall appoint and employ such officers, assistants, clerks, agents and servants as shall be authorised, or allowed by said By-laws, Rules and Regulations, and remove them or any of them at their pleasure.

Shall determine the amount and rate of compensation of all the officers, assistants, clerks, agents and servants of this association, and alter them at their pleasure.

Shall appoint their own and such subordinate officers and servants of their body as in their judgment shall be required; and remove them, or any of them, at their pleasure; and shall fix, and may alter, at pleasure, the amount and rate of their compensation.

Shall perform such other duties as shall be prescribed by the said By-laws, Rules and Regulations.

Shall fill any and every vacancy which shall occur in their own body, by the death, resignation, the ceasing to be owner and holder of twenty shares of the capital of this association, or removal from the United States, or removal from office by the Council of this association, or otherwise, of any Director or Directors of this association.

And shall appoint annually by ballot, at least thirty days before each election of Councillors and Directors of this association after the first, three fit and disinterested persons, inspectors of the then next election of Councillors and Directors, and, at any time before the election, supply any vacancy which may occur in the office of any such inspector.

9. Any person or persons jointly, copartnership, association, body politic or corporate, may, at any time before this association shall file their certificate according to the sixteenth and seventeenth sections of the said act of the Legislature, and before this association shall be organised for the transaction of business, and before the whole capital thereof of fifty millions shall be subscribed for, become a shareholder and associate of this association by subscribing to these articles, and paying for each share subscribed for, one hundred dollars in the legal currency of the United States, or securing the payment thereof with interest to the satisfaction of this association, and shall be entitled to and receive a certificate therefore, after subscribing, paying for or securing the same as aforesaid—and may at any time after this association shall be organised for the transaction of business, and before the full capital thereof of fifty millions shall be subscribed for, become a shareholder and associate thereof, by subscribing these articles, and paying or securing to be paid as aforesaid one hundred dollars for each share subscribed for, and such additional sum as shall equalise the value of the new stock so subscribed for with the old, and be from time to time specified in the By-laws, Rules, and Regulations of this association; and shall be entitled to and receive a certificate therefor, after subscribing, paying for, or securing the same as aforesaid.

And any person or persons jointly, copartnership, association, body politic or corporate, who shall become the owner or owners by purchase, or title otherwise derived from any subscriber or subscribers to these articles, and have transferred to him, her, or them on the books of this association, one or more shares of the capital thereof, shall be an associate or associates of this association, and subject to the provisions and covenants contained in these articles.

10. The capital and number of associates of this association shall be increased from time to time until the full capital thereof of fifty millions shall be subscribed for, and as often as any person, or persons jointly, copartnership, association, body politic or corporate, shall become a subscriber or subscribers to

these articles, and pay or give security to pay for the stock, he, she, or they may subscribe for, according to these articles, and the By-laws, Rules and Regulations of this association. And the Council of this association shall, from time to time, and as often as may be required, make the requisite By-laws, Rules, and Regulations for that purpose; and the Board of Directors shall from time to time, and as often as shall be required, publish the same.

11. The State of New York may, and shall be solicited to become an associate of this association, and subscribe for one-tenth, or any less part of the full capital thereof, and may pay for the same in the public debt of this State, bearing an interest of not less than five per cent. per annum; and, on becoming such associate may appoint annually two additional Directors thereof. And the City of New York may, and shall also be solicited to become an associate of this association, and subscribe for one-twentieth, or any less part of the full capital thereof, and may pay for the same in the public debt of the said City, bearing an interest of not less than five per cent. per annum; and, on becoming such associate, may appoint one additional Director thereof annually. Such State and City Directors shall hold their offices for one year, and until others are appointed in their places.

12. All elections of Councillors and Directors shall be by ballot, containing on the face thereof the names of the persons voted for; and on the back thereof the office; viz. "For Councillors," "For Directors," as the case may be. Vote may be given in person, or by proxy given within one year previous to the vote offered thereon. Each shareholder of one, and less than five shares, shall be entitled to one vote; of five and less than ten shares, to two votes; of ten and less than twenty shares, to three votes; of twenty shares to four votes; and, of every additional twenty shares to one vote for every additional twenty shares. But no shareholder shall be entitled to vote, at any such election after the first, on any shares of stock which shall not have been transferred to him on the books of this association at least thirty days before such election. And no transfer of any stock of this association shall be valid, until such transfer shall have been registered in a book or books kept for that purpose by this association. And all transfers of the stock thereof shall be made as directed in the By-laws, Rules, and Regulations of this association, and subject to the terms therein prescribed.

13. Every election for Councillors and Directors of this association, after the first, shall be held on the first Wednesday of June in each year, at such hour and place in the city of New York, as the Board of Directors for the time being shall, by resolution to be entered on their minutes, appoint. And the Directors shall hold their offices for one year, and until others are elected in their stead.

The Councillors of this association shall, at the first meeting of the Council thereof, be divided by lot into three classes of ten each, numbered one, two, and three; one of which classes shall retire, at each annual election of Councillors, in the said order as numbered, and ten others shall be elected in their stead; and so, successively, the oldest class of ten retiring year after year, and ten others elected in their stead. Those who retire, however, may be re-elected. But no person shall, at the same time, hold the office of Councillor and Director of this association; nor shall any Director, removed by the Council, be re-eligible during the remainder of his term.

14. Public notice of every election of Councillors and Directors of this association, after the first, shall be given by the Board of Directors for the time being,

not less than thirty days previous to the time of such election, by advertisement to be inserted in such newspapers as the Council of this association shall, by By-law, direct, and in such other manner as the said Council may in like manner direct.

15. This association shall commence business as soon as may be, after one hundred thousand dollars of its capital shall be subscribed for, and paid or secured according to these articles of association, and shall continue for one hundred years from the time of filling the certificate required by the sixteenth and seventeenth sections of the said Act of the Legislature; and the period at which this association shall commence and terminate shall be specified in such certificate.

16. No shareholder of this association shall be liable, in his individual capacity, for any contract, debt, or engagement of this association.

17. This association and the subscribers thereto, for themselves and their assigns, have, and hereby do, become and declare themselves contracting parties with the people of the State of New York under the said Act of the Legislature, and accept the franchises and privileges therein and thereby offered and provided for any association which may be formed under the same.

18. These articles may be altered from time to time on the recommendation of the Council, with the approbation of the Board of Directors, and with the assent of the people of the State of New York, given by law of the Legislature thereof, and of the owners of two-thirds of the shares of the capital of this association.

The following persons, viz.—Isaac Lawrence, John Haggerty, Nathaniel Weed, Samuel S. Howland, Samuel A. Foot, Albert H. Dorr, Joseph B. Varnum, Joseph Kernochan, William Branner, David S. Kennedy, Francis Cottenet, Fowell Colt, Thomas Tillson, Robert Hyslop, John Rankin, Thomas Denny, Shepherd Knapp, John A. Huren, Josiah L. Hale, James L. Graham, Jonathan Amory, Zebedes Ring, John A. Underwood, Lowell Holbrook, T. C. Doremus, William Adee, Henry Young, William Dawson, Robert Hogan, D. S. Miller, Evan Griffith, Cahus C. Vorplanck, James Strong, Benjamin Aymar, John Duer, Philip Hone, Gideon Lee, J. Philippe Phoenix, David Leavitt, Alphonse Loubat, David Haddon, Francis Olmstead, Charles Augustus Davis, Stewart Brown, Henry W. Sargent, James McCall, A. C. Rosiere, George Bacon, Richard T. Haines, Dudley Selden, William Burns, L. Bonnetoux, William Kelley, John D. Wolfe, Simeon Draper, Jr., John Stevens, Willis Hall, Samuel T. Tisdale, William P. Miller, Thomas Lord, Christian Klug, are hereby appointed Commissioners of this association for the organization thereof; and it shall be their duty, and they are hereby authorized to issue proposals, receive subscriptions for stock, require such instalments and receive such security, not inconsistent with these articles, as in their judgment shall best effect the objects of their appointment.

Within ten days after 100,000 dollars of the capital of the association shall be subscribed, the Commissioners shall cause to be made, executed and filed, a certificate according to the provisions of the said act, determine the time and place of holding an election for Councillors and Directors of this association in the city of New York, and shall give thirty days' public notice thereof, by weekly advertisement in two papers printed in said city, and in the State paper. And such Commissioners, or any five of them whom they may select, are hereby appointed Inspectors of such election. The Directors, who shall then be elected, shall hold their office till the first Wednesday of June thereafter, and until others are elected, and the Councillors as already provided in these articles.

At such election all subscribers to these articles, who shall have paid such instalments or given such security as the said Commissioners shall have required, shall be entitled to vote in the ratio prescribed in these articles; and upon the election of Directors of this association, the said Commissioners shall deliver to them the funds and securities in their hands belonging thereto, and the duties of said Commissioners shall cease.

In witness whereof, we have hereto subscribed our names this day of in the year one thousand eight hundred and thirty eight.
In presence of

At a meeting of the Commissioners appointed to organize "The American Exchange Bank," held in the City of New York on Tuesday, July 17, 1838,

JOHN HAGGERTY, was appointed Chairman,
 SAMUEL A. FOOT, and JAMES MCCALL, Secretaries

On motion, *Resolved*, That a Finance Committee, consisting of seven persons, be appointed, and that Isaac Lawrence, Nathaniel Weed, Benjamin Aymar, J. Philips Phoenix, Alphonse Loubat, David Hadden, John D. Wolfe, be that Committee.

On motion, *Resolved*, That a Committee of Arrangements be appointed, consisting of five persons, and that Joseph Kernochan, David Leavitt, Albert H. Dorr, Thomas Denny, Francis Cottenet, be such Committee.

It was *Resolved*, That the following terms of subscription be, and the same are, hereby adopted:

We, the subscribers hereto, and to the articles of Association of the American Exchange Bank, hereby engage to pay to the Commissioners for the organization thereof, or to such person or persons as they shall appoint, the sum of five dollars on each share of the capital thereof subscribed for by us, at the time of subscribing for the same; and the further sum of five dollars on each of such shares, at such time, before the first election of Councillors and Directors thereof, as shall be designated by said Commissioners, and of which time, at least thirty days' public notice shall be given, by weekly advertisement in two newspapers printed in the city of New York, in the State paper, and such other newspapers as said Commissioners may think proper; and we, the said subscribers, hereby also promise the said Association, to pay the further sum of ninety dollars for each share of stock so subscribed for as aforesaid, at such time or times, and in such manner, as the Board of Directors of said Association shall require: *Provided, however*, That the said Board of Directors shall not require the payment thereof faster than at the rate of ten dollars per month on each share: And in case default shall be made in the payment of five dollars on each share to said Commissioners, when required by them as aforesaid, or in complying with any requirement of the Board of Directors for the payment of any portion of the said sum of ninety dollars on each share as aforesaid, then the said Board of Directors shall have power to declare the previous payment or payments forfeited to the said Association, and the same shall become forfeited on such declaration being made.

The Board of Directors may, however, at any time or times, require interest at such rate, not exceeding six per cent., as they may think proper, to be paid on the whole, or any part of the sum or sums which may remain unpaid by shareholders for stock of the Association, and may forfeit previous payments as aforesaid for the non-payment thereof; but when such interest is required, any shareholder shall have the right to pay, from time to time, the whole or any part of the principal, and stop interest against him accordingly;

each of such payments, however, shall not be less than five dollars on a share.

In witness whereof, we have hereto subscribed our names, this day of in the year one thousand eight hundred and thirty-eight.

In presence of

On motion, *Resolved*, That the following form of a certificate of the organization of said Bank be, and the same is hereby adopted:

CERTIFICATE OF THE ORGANISATION OF "THE AMERICAN EXCHANGE BANK"

Under the ACT of the Legislature of the State of New York, entitled "An Act to authorize the Business of Banking."—Passed April 18, 1838.

We, who have hereunto set our hands and seals, do certify, that we have associated by articles of association subscribed by us and dated the day of

in the year one thousand eight hundred and thirty eight, to establish a Bank under and in pursuance of the said Act of the Legislature.

We further certify, that the name assumed to distinguish such association and to be used in its dealings, is, "*The American Exchange Bank.*"

We further certify, that the city of New York is the place where the operations of discount and deposit of said association are to be carried on.

We would add, however, that the articles of said association contemplate and provide for the establishment of Branches, or Agencies in this State, in the other States of the United States, and elsewhere.

We further certify, that the amount of the capital stock of said association is Dollars, and is divided into shares of one hundred dollars each.

We would add, however, that by our articles of association, we have provided for an increase of our capital, until it reaches the sum of fifty millions.

We further certify, that the schedule hereto annexed, marked A. and which forms a part of this certificate, contains the names and places of residence of the shareholders of this Association, and the number of shares held by each of them respectively.

And we further certify, that this Association shall commence on the day of in the year one thousand eight hundred and thirty eight, and terminate at the expiration of one hundred years from that day, viz. on the day of in the year one thousand nine hundred and thirty-eight.

In witness whereof we have hereunto set our hands and seals this day of in the year one thousand eight hundred and thirty-eight.

*Signed, sealed and
 delivered in presence of* {

On motion, *Resolved*, That books of subscription for the stock of said Bank, shall be opened on Tuesday, the fourth day of September next, at such place in the City of New York as shall be fixed by the Committee of Arrangement.

Resolved, That the following Address be, and the same is, hereby adopted.

(The Address is subjoined, with the signatures of the Commissioners.)

Resolved, That the Articles of Association, the Subscription Paper, the Certificate of Organisation, and the Address, be referred to the Committee of Arrangements with power.

JOHN HAGGERTY, Chairman.
 SAMUEL A. FOOT and JAMES MCCALL, Secretaries.

* This blank will be filled with the amount subscribed before filing the certificate of organisation.

ADDRESS.

The undersigned, commissioners appointed to receive subscriptions and organise a bank, to be called "The American Exchange Bank," in the fulfilment of the duty assigned them, present to their fellow-citizens the articles of association, which have been prepared for establishing a bank under the law passed at the last session of our legislature—also, terms of subscription for those who become subscribers before the bank is organised—and a certificate required by the law. Each of these papers must be signed by those who become subscribers for the stock of the bank.

Before making any general remarks, we will briefly explain these papers.

The articles of association have been prepared with great care, and on full consideration.

They have been carefully examined by a large number of our most intelligent bankers and merchants, and by several of our most eminent counsellors at law. They have received the benefit of their suggestions and amendments; and in their present form, meet their approbation. It is believed, that they contain as full and perfect fundamental regulations for a bank, as can be formed under the law which authorises them. We present in connection with them a copy of the law, that the two may be examined together; as they together constitute the charter of the bank.

The terms of subscription which we have adopted are explicit, and easily understood. It will be perceived that the articles of association contemplate and provide for subscriptions after the bank is organised, and until the whole capital of fifty millions is taken up.

We have thought it judicious as well as just to those who come in early and take the trouble of organising and commencing the institution, to favour them in respect to paying their subscriptions. They will also, and we think ought to have, the benefit of any improvement which may occur in the value of the stock, before further subscriptions, after the bank is organised, and in operation, shall be made. This is accomplished by securing to them a credit on their subscription, of which they may avail themselves if they think proper.

The certificate, the form of which we publish, is sufficiently explained by the law.

The necessity and usefulness of an institution like the one now proposed must be obvious to all. Those engaged in its organisation intend to meet the wants of the community, and identify the bank with the business of the country. In so doing, they are satisfied, that they will best promote the interests of the stockholders.

A bank, that has the confidence of the public, and most effectually ministers to its prosperity, will always have a choice of business, and give the highest dividends. There has been no forestalling of opinion, by open or covert arrangements, for the appointment of officers, or other favours the institution may have to bestow. All power and influence are left where they should be, viz. in the hands of those who shall subscribe for the stock, and who will have the deepest interest in the bank.

We are happy in being able to give the strongest assurances, that the enterprise is well received by our most intelligent merchants and capitalists, and that it will certainly succeed. And we invite the friends of such an institution throughout the country, and particularly in this state, to unite with us.

Although we can make no pledges respecting the time and place of establishing branches, as that duty is entrusted to the council, still we feel authorised to say, that a respectable subscription, followed by a request for a branch, in any prominent place of business in

this state, or the United States, could hardly be disregarded by the council.

We have settled the form of a power of attorney to accommodate distant subscribers. It can be filled up in the name of any of the commissioners, or of any friend in the city, and after being signed and sealed in the presence of a witness, and acknowledged before a proper officer, may be transmitted (postage paid) to any of us, with a check upon any bank in this city, to the order of Isaac Lawrence, Esq. chairman of our finance committee, for the instalment to be paid on subscription.

New York, July 17th, 1838.

[Signed by all the Commissioners.]

POWER OF ATTORNEY.

Know all men by these presents, That I do hereby make, constitute, and appoint true and lawful attorney for and in name to subscribe for shares of the capital of The American Exchange Bank, about to be established in the city of New York, and for that purpose to subscribe name to the articles of association of said bank, and to the subscription paper prepared and presented by the commissioners to organise the same, and also to sign and seal in name the certificate of the organisation thereof.

In witness whereof, I have hereunto set hand and seal the day of one thousand eight hundred and thirty-eight.

Sealed and delivered }
in the presence of {

N. B.—This power of attorney must be acknowledged in the same manner as a deed for real estate lying in the city of New York.

The following gentlemen were on the 23d of October elected directors of the "American Exchange Bank," the formation of which institution under the general Banking Law has been before noticed: Nathaniel Weed, John Haggerty, W. B. Post, David Leavitt, J. P. Phoenix, A. Loubat, Henry Young, Simeon Draper, jr., J. Amory, Thomas C. Doremus, John Stevens, William C. Langley, Thomas Denny, Samuel T. Tisdale, Francis S. Lathrop, James H. Ray, and Daniel S. Miller, Esqrs.—*Courier and Enquirer*.

THE RHODE ISLAND BANKS.

From the National Gazette.

To such of our readers as take an interest in the question of free banking, the following statement in regard to the banks of Rhode Island will be interesting. The population of that state was, at the last census, ninety-seven thousand; and the number of its banks is now sixty-four, being nearly one for every fifteen hundred persons. Almost every village has one, and their capitals vary from twenty thousand to five hundred thousand dollars. Whether the system, which is found safe in a territory as small as that of Rhode Island, would operate equally well among the far-distant points of the Union, is a proposition we do not wish to agitate. In no part of the world, however, are the rights of applying capital to banking and that of furnishing currency so fully enjoyed by the people at large as in that state; and, as far as a local experiment may be assumed as the basis of its universal extension, in none can be so fully displayed the effect of freedom in giving steadiness to the monetary concerns of a country.

In January, 1837, the banking capital was	
The surplus fund was about	\$9,837,000
The permanent deposits, for which the owners received interest, exceeded	380,000
	600,000
Total,	\$10,817,000

The amount of loans and investments of all descriptions bearing interest was	\$13,765,000
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The excess of loans was therefore being about twenty-seven per cent.	\$2,948,000
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By a statement just published, it appears that the following was their condition on the 2d inst.

Capital,	\$9,863,731
Net profits on hand,	504,976
Deposites on interest,	590,409

Total,	\$10,959,116
---------------	---------------------

The investments bearing interest are as follows—	
Loans and discounts,	\$12,917,073
Stocks, real estate and property,	411,707

Total,	\$13,328,780
---------------	---------------------

Excess, being less than 22 per cent.	\$2,369,664
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The difference between the loans at the two periods is \$437,000, being little more than three per cent.

The banks of Rhode Island are as anxious to make profits as those of England or France, yet their expansion, at a period of the highest excitement, but little exceeded twenty-five per cent. They were under the same necessity for meeting their engagements as other banks, yet to do so required a reduction of only three per cent.

Statement of the situation of the banks in the State of Rhode Island, &c. on Friday, November 2d, 1838, as the same appears by the returns made by them to the bank commissioners:

<i>Liabilities.</i>	
Capital stock,	\$9,863,713 00
Bills in circulation,	2,219,267 92
Balance due other banks,	724,223 26
Net profits on hand,	504,976 20
Dividends unpaid,	19,614 01
Deposites on interest,	590,409 92
Deposites not on interest,	913,907 29

Total amount of liabilities,	\$14,836,111 60
-------------------------------------	------------------------

<i>Resources.</i>	
Loans and discounts,	\$12,917,073 74
Specie in bank,	623,536 70
Bills of other banks,	459,604 57
Balance due from other banks,	423,189 38
Stock in own bank,	120,754 09
Stock, real estate and other property,	291,953 12

Total amount of resources,	\$14,836,111 65
-----------------------------------	------------------------

Of the notes and bills discounted there is payable out of the state the sum of	\$4,173,140 32
And payable in the state,	8,743,933 42
Of the circulation there is held by the banks,	393,198 66
In the hands of the public,	1,826,069 26

By comparing this abstract with the returns made to the commissioners, October 5th, 1838, it appears that since that date,

The circulation has been reduced	\$9,740 75
The specie has been reduced	27,318 51
The deposits, including dividends unpaid, have been reduced	7,364 79
The loans and discounts have been increased,	314,525 71
<i>Published pursuant to law.</i>	

PLANTERS' BANK OF MISSISSIPPI.

The New York Journal of Commerce states that the notes of this bank, guaranteed by the United States Bank of Pennsylvania, payable in 1840, '41, and '42, and drawing interest at the rate of seven per cent., were offered in Wall street at par to the amount of a million and a half of dollars, and some of them sold, buyers selecting those having the longest period to run.

RESUMPTION BY THE ALABAMA BANKS.

Yesterday, the 1st of November, was the day fixed upon by our Banks for the redemption of their five dollar notes. Thus we creep slowly, and we hope surely, back to the specie standard. Nothing but public confidence is requisite to render positive and total resumption easy to all the banks. Our city banks are supposed to be ready for it under any circumstances, and we feel sure that public confidence is eager to be extended to them, in aid of this laudable and useful step.—*Mobile Register.*

RESUMPTION IN ALABAMA.—The citizens of Perry Co. held a meeting on the 13th of October, at which they passed the following resolutions. Poor creatures, how little they know what resumption will do for them.

Resolved, That it is inexpedient and impracticable for the Banks of this State to resume specie payments by the 4th of July next, and that all measures taken by the Banks calculated to effect that object, are injudicious, oppressive, and productive of great distress in the community without any corresponding benefit.

Resolved, That with the assistance of another crop, the Banks may resume specie payments, without distressing the people, by the first of June, 1840.

The Montgomery Advertiser says:—"The time has arrived when the Banks in this State should resume. The institution in this place has been ready for months. Must she wait until the Branch at Decatur is able to come into the arrangement? We hope not."

Hard money forbid, that we should wait for the Decatur Branch. Perhaps the Legislature will manage that matter for us.

ANOTHER SIGN.—The Tuscaloosa Monitor, which took strong ground in favour of the State Bank Cotton regulations, comes out as strongly against the Perry County Regulations. This shows that all parties in this State are in favour of early and speedy resumption—and the effect of this unanimity upon our currency out of the State will be most happy. We believe that the Perry meeting, and our neighbours of the Advertiser, will find themselves standing solitary and alone, the former on decided irredeemable ground, and the latter at their "half-way house," which is pretty much the same thing, a little softened down.—*Mobile Register.*

We see with pain the regular and open organisation of a non-resuming party in this State. We have all along indulged the hope, that the first of January or February next would put an end to irredeemability in Alabama, and while we believed that many doubted the expediency of cash payments by our Banks, we were not prepared to witness a bold and concerted effort to stand between the Banks and their duties, for the peculiar benefit of the debtor class. Stripped of all disguise, we ask, what is the proposition made to a

sensible public? It is that the people at large shall continue to suffer the discomour, the embarrassments and positive losses of a depreciated currency, in order that the debtors to the Banks may make use of that currency to pay their debts. It is to tax the solvent, and enact a stop law in favour of the embarrassed and insolvent—it is gross favouritism to those to whose imprudences the State is indebted for its afflictions, at the expense of rank injustice to those who have not been seduced into engagements totally beyond their power to meet.—*Id.*

RESUMPTION IN MOBILE.—*Bank Notice.*—Whereas the several Banks in this City did, on the 15th day of October last, adopt joint resolutions to return to cash payments on the first Monday in January next,—the publication of which resolutions was deferred in order to ask the co-operation of the interior banks of the State in that object.

And whereas the bank at Tuscaloosa and the branch bank at Montgomery have adopted resolutions to resume the payment of their notes simultaneously with the banks of this State, Louisiana and Mississippi. Be it therefore Resolved, That public notice be given that the banks in this city will resume the payment of their notes in specie on the first Monday of January next.

Geo. S. GAINES, President,
Branch State Bank, Mobile.
PHILIP McKONKEY, President,
Planters' and Merchants' Bank.
Wm. R. HALLETT, President,
Bank of Mobile.

FOREIGN INTELLIGENCE.

BRITISH TRADE WITH THE U. STATES.

LONDON, Oct. 22.—More than usual attention has been directed in the city, within the last few days, to a company recently formed in New York, termed "The North American Trust and Banking Company," as it is proposed to connect it more closely with this country, by raising a portion of the intended additional capital in London. Prospectuses for this purpose have been issued by the firm of Messrs. Palmer, Mackillop, Dent & Co., and the undertaking, it is said, is strongly supported by leading bankers at the west end as well as in the city. The chief object, and which is of the utmost importance to the mercantile interests of this country, is to protect, it is declared, the American British trade as much as possible from the pecuniary inconvenience to which it has hitherto been subjected. The difficulty which every branch of trade and commerce has had to contend against since the panic of 1836-7, from the almost total impossibility of doing business on credit, is but too well known, and, therefore, any undertaking which would assist the fair trader, while proper security is given for the advances, must of itself be a matter of great consideration to the mercantile and manufacturing interests of this country, who are now almost wholly without orders, and suffering so acutely from the stagnation of trade. The system hitherto adopted of drawing bills backwards and forwards, and the acceptor relying upon the drawer to meet the bill at maturity, has been the ruin of the country, and any thing which will supersede it must be a benefit. This, it is said, will be effected by the working of the new company under their trust business, by granting loans upon the deposits of property, while the company are compelled, under the new banking act of the state of New York, to issue the notes of the comptroller general. By this new law, in fact, the state of the affairs of any new bank are put under the supervision of the court of chancery, and none can

issue their own paper, but that only of the comptroller general of the state, which is given upon the deposits of security, while the notes are still payable on demand at the bank. There is necessarily, therefore, much greater security afforded to the public under the new system than ever was before.—*Morning Chronicle.*

A new project is on foot for the purpose of extending the capital of The North American Trust and Banking Company. This association, which was originally established for the purpose of receiving deposits, to be laid out on bonds or mortgages, has so far prospered that it has been determined to advance the capital from \$2,000,000 to \$10,000,000, and to carry on a banking business under the new banking law of the United States. The project has been well received in the city, and considerable countenance has been given to it from the circumstance that the highly respectable house of Palmer, Mackillop & Co. are the agents for this new project.—*Morning Herald.*

From the New York Journal of Commerce of 17th Nov.

The bonds of subscription to the stock of the North American Trust and Banking Company, which authorized the receipt of bonds and mortgages, closed on the 15th inst., and we learn that applications were received amounting to several millions of dollars over and above the sum authorized to be taken.

BRITISH CORN MARKET.

A late number of the London Standard has the following table, showing the nature of the seasons in Great Britain since 1790, and the annual average prices of wheat in each of the seasons. The object of its publication by the London editor to show that the highest prices of grain have generally marked the seasons of the greatest commercial prosperity, and also to prove the greatly improved condition of the manufacturing population under the operation of the corn laws.

Years.	Nature of the Seasons.	PER QUARTER.	
		Wheat.	
		s.	d.
1790	Peace and favourable seasons,	53	3
1791		47	8
1792		42	0
1793	War, but favourable seasons,	47	10
1794		51	0
1795	Deficiency of the crop,	73	0
1796		76	6
1797		52	6
1798	Seasons less favourable,	67	6
1799		67	6
1800	Bad seasons.	110	11
1801		115	6
1802	Good crop, followed by peace; also, good seasons in 1802-3,	67	6
1803		57	6
1804	Average crops,	60	5
1805		87	1
1806	Deficient crop, followed, however, by average crops in 1805-6-7,	76	9
1807		73	1
1808	Partial deficiency,	78	11
1809		94	5
1810	Great deficiency,	103	3
1811		99	5
1812	Good crops,	122	8
1813		106	6
1814	Deficiency,	72	1
1815		63	8
1816	Favourable crops, but currency depreciated,	76	2
	Nearly an average crop, but great import and decrease of charges of production consequent on peace,		
	Fall average crop,		
	Great and general deficiency,		

Years.	Nature of the Seasons.	PER QUARTER.	Wheat.	
			s. d.	
1817	Not exceeding average,	{	94 0	
1818			83 8	
1819			72 3	
1820	Somewhat below average crop,	{	65 10	
1821	Exceeding average crop,		54 5	
1822	Average crop,		43 6	
1823	Scarcity,	{	61 0	
1824	Average,		62 0	
1825	Nearly an average,		66 6	
1826	Average crop,	{	56 11	
1827			55 0	
1828			60 5	
1829	Scarcity,	{	68 3	
1830	Average,		64 3	
1831	Full average,		68 4	
1832	Nearly an average,	{	68 4	
1833	Above an average crop,		58 6	
1834			59 11	
1835			46 2	
1836	Considerable above an average,	{	39 4	
1837	Above an average,		48 6	
1838	Under an average,		55 10	

DOMESTIC INTELLIGENCE.

From the New York Journal of Commerce of Nov. 1.

THE FIRST FRUIT.—We saw yesterday, for the first time, a bank note issued under the General Banking Law of the last session. It was a two dollar bill, of the *Staten Island Bank*, very beautifully done, and none the less inviting because backed by state stock and mortgages in the office of the comptroller. The bank which has thus had the honour of issuing the first bills under the General Banking Law, is established at the flourishing village of Port Richmond, (late *Mersereau's Ferry*.) The *Staten Islanders* have recently gone into the whaling business from that place, and various manufacturing establishments have been located there.

We learn that certificates have been filed for a bank, to be called the *Stuyvesant Banking Company*, to be located in the Bowery, near Bond street. The gentlemen interested are Messrs. Russell Stebbins, Eliaba Pack, Peter Palmer, R. Van Rensselaer, and others. The capital \$300,000, and may be increased to two millions.—*J. of Commerce of Nov. 17.*

A NEW BANK.—A new banking institution with a capital of one million of dollars is about to be established in New York. It is to be styled the "New York Banking Company," and will go into operation as soon as the bills and other necessary details can be arranged.

From the New York Commercial Advertiser.

ANOTHER BANK.—Articles of association and certificate for a new bank in this city, entitled the "East River Bank of the city of New York," have been filed, with a capital at present of \$1,000,000, with power to increase to \$25,000,000. We understand that 25 per cent. of the capital is to be paid in cash, and the residue in stocks, and bonds, and mortgages.

The "Bank of the United States in New York" redeems all the issues of the "Bank of the United States in Pennsylvania." We believe the arrangement is so broad as to include the notes of all the Philadelphia city, banks, making them all par in Wall street.—*J. of Commerce of Nov. 13.*

SOUTH WESTERN RAILROAD BANK.—At the closing of the subscription books in Charleston, on the 8th inst. the number of shares subscribed was 27,150—equivalent to \$2,715,000.

The *Mobile Commercial Advertiser* states that the *Brandon Bank* has reduced its circulation \$1,500,000 since the report of the board of commissioners, but gives no authority or other information on the subject.

SUSPENSION OF SPECIE PAYMENTS BY THE BANKS OF MONTREAL.—In consequence of the unsettled state of things in Lower Canada, there has been a heavy run for specie upon the banks of Montreal, which has issued in the suspension of specie payments again. The *Montreal Courier* of the 7th instant says—

We understand, that in consequence of the committee of trade having memorialised his excellency Sir John Colborne, on the serious inconveniences which the commercial community would suffer, were the run on the banks for specie continued, and were these institutions in consequence compelled to circumscribe their accommodations to the public. His excellency promptly summoned all the members of the special council that were in town, amounting to a quorum; and, an ordinance has been passed authorising the banks to suspend specie payments for a limited period. This is another instance of the promptitude and vigour with which his excellency Sir John Colborne is determined, we are well assured, to carry the Province through its present difficulties.

STATE OF THE BANK OF TENNESSEE AND BRANCHES.

On the 1st day of October, 1838.

State bonds, - - - - -	\$400,000 00
Discounted notes, - - - - -	962,617 59
Domestic bills, - - - - -	204,536 69
	1,167,154 28
Expenses, - - - - -	23,004 97
Due from banks, - - - - -	104,653 92
Branch balances, - - - - -	25,179 86
Specie and bank notes, - - - - -	381,361 79
	\$2,101,354 82
Capital stock, state bonds, - - - - -	1,000,000 00
Do. school fund, - - - - -	90,893 71
	1,090,893 71
Sinking or contingent fund, - - - - -	35,387 48
Due to banks, - - - - -	22,759 15
Treasurer of Tennessee, - - - - -	26,565 59
Exchange account, - - - - -	47,005 72
Discounts received, - - - - -	23,979 22
	76,984 94
Circulation, - - - - -	757,667 18
Individual depositors, - - - - -	97,096 67
	\$2,101,354 82

Bank of Trans., Nashville, Oct. 1, 1838.

HENRY EWING, Cashier.

Office of the Merchants' Transcript, New Orleans, Nov. 13.

The condition of our sixteen city banks on the 1st instant, was published yesterday by the secretary of the board of presidents.

The aggregate capital paid is \$40,809,618, showing an increase since the statement of the 1st ult. of

Deposites, - - - - -	\$6,548,568	increase	\$327,945
Specie, - - - - -	3,826,060	do.	184,933
Bank notes of the state banks, - - - - -	1,578,398	do.	577,360
Profits and surplus retained undivided, - - - - -	6,257,024		
Circulation, - - - - -	4,792,739	decrease	56,884

DR. DYOTT'S BANK.

Documents omitted at page 250.

MANUAL LABOUR BANK.

January 20th, 1838.

In order to ascertain the holders of bills of this bank, in amounts exceeding one hundred dollars, for the purpose of making a satisfactory arrangement of their claims, preliminary to a return to regular business, it is requested that all who hold bills of the Manual Labour Bank above and of that amount, will leave their names and the amount of their demands at the Banking House, north-east corner of Race and Second streets, at an early day.

Holders of bills in sums under the amount of one hundred dollars, will be requested to make a similar return, when arrangements are completed with those who hold sums above one hundred dollars.

T. W. DYOTT, Banker.

STEPHEN SIMPSON, Cashier.

MANUAL LABOUR BANK.

NEW ARRANGEMENT OF BUSINESS.

Philadelphia, March 1, 1838.

The proprietor of this institution having carried into effect the "final arrangement of business" for the redemption of his notes by deposits, so far as the bill holders judged proper to embrace it—now submits to the public a NEW ARRANGEMENT OF BUSINESS, for the future redemption of the bills of this bank, based upon those principles of certainty and prudence which cannot fail to succeed in any probable emergency.

1. Notes of the old issue, dated prior to November, 1837, (and which have been excluded by the limitation of the final arrangement) will be received on deposits for redemption, at 4 months. Interest to date from the day of deposits to the period of payment, when the amount will be paid in Philadelphia Bank Notes, at the expiration of ten days' notice, to be previously given.

2. Notes of the new issue, dated after November 1837, payable one year after date, will be received on deposits for redemption, at 4 months, to bear interest from the date of deposits to the period of payment—and payable in CURRENT bank bills at the expiration of ten days' notice, previously given.

3. No redemption of notes will be made by any other than the deposits system of liquidation.

Storekeepers and others, who may receive the bills of this bank under \$5, payable one year after date, will perceive from the above arrangement, that they can always obtain their full value, with interest, four months after the period of making the deposits in this bank, as above set forth.

Current bank deposits received daily in Philadelphia Bank Notes, and payments made in the same money.

T. W. DYOTT, Banker.

STEPHEN SIMPSON, Cashier.

SALES OF STOCK AT PHILADELPHIA.

November 26.

1600	State Five, 1841,	97½	100
8	shares U. S. Bank,	120	100
290	" " 10th Dec.	120	100
5	" "	119½	
8	" Philadelphia Bank,	108½	100
34	" Farmers' and Mech. Bank,	60½	50
2	" Commercial Bank,	60	50
86	" Girard Bank,	50	50
2	" Kentucky Bank,	86½	100

15	shares Plant. Bank, Miss.	98½	100
100	" Stonington R. R., 20 ds. flat,	28	100
100	" " 60 days b. o. flat,	26	
100	" " 60 days b. o. flat,	25	
18	" Girard Trust,	25	25
10	" Schuylkill Navigation,	140	50
5	" "	139½	
10	" "	140	
2040	Lehigh Sixes, 1845,	100½	100
600	" " 1839,	101	
2	" Newcastle Railroad,	22	52

SALES OF STOCK AT NEW YORK.

November 24.

325	shares U. S. Bank,	119½	
1653	" Del. and Hudson Canal,	68	68½
25	" Ohio Life and Trust,	100½	
50	" Vicksburg Bank,	76	
25	" Kentucky Bank,	86½	
205	" Mohawk Railroad,	57½	57
1570	" Harlem Railroad,	45	44½
50	" Boston & Providence R.R.,	102½	
180	" N. J. Railroad & T. Co.	100	100½
315	" Stonington R. R.	31	30½
25	" Utica Railroad,	118	
85	" Patterson Railroad,	49	49½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

November 24.

Bills on London, 60 days sight,	9½ a 10	p. cent. prem.
" France, "	5 17½ a —	fr. p. doll.
" Holland, "	40½ a 40½	ctap. guild.
" Hamburg, "	36 a 36½	cta. p. mc. ba.
" Bremen, "	80 a 80½	cta. p. rix doll.
" Boston, at sight,	par a ½	discount.
" Philadelphia, "	par a ½	do.
" Baltimore, "	½ a ½	do.
" Richmond, "	1 a 1½	do.
" N. Carolina, "	2 a —	do.
" Charleston, "	½ a 1	do.
" Savannah, "	2 a 2½	do.
" Augusta, "	2 a 2½	do.
" Mobile, "	3½ a 4½	do.
" New Orleans, "	1½ a 1½	do.
" Louisville, "	2 a 2½	do.
" Nashville, "	5 a 6	do.
" Natchez, "	6 a 6½	do.
" St. Louis, "	2½ a 3½	do.
" Cincinnati, "	1½ a 2½	do.
" Michigan, "	10 a 12	do.
" Detroit, "	4 a 5	do.
American gold,	7	premium.
do. new coinage,	per a ½	do.
Spanish dollars,	4 a 5	do.
Carolus do.	6 a 7	do.
Mexican dollars,	1 a 1½	do.
Half dollars,	par a ½	do.
Five-franc pieces,	94½ a 95	cents each.
Doubleons,	\$16 65 a \$16 75	do.
do. patriot,	15 65 a 15 75	do.
Sovereigns,	\$4 85	each.

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

Subscriptions received by Weeks, Jordan & Co., Boston; Wm. Burns, 202 Broadway, New York; Nathan Hickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

THE FINANCIAL REGISTER

OF THE
UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

It is the interest of every country that the standard of its money, once settled, should be invariably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it.
Men in their bargain contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, DECEMBER 5, 1838.

No. 23.

THE SUB-TREASURY SYSTEM.

TWENTY-FIFTH CONGRESS—SECOND Session.

SENATE.

Washington, March 17th, 1838.

Mr. McKean presented the proceedings of a large meeting of the citizens of Philadelphia, expressing strong opinions in opposition to the Sub-Treasury Bill before the senate. The meeting was one of the largest ever held in Philadelphia, and was composed of citizens of the city and county of Philadelphia, who are opposed to the Sub-Treasury Bill, but politically friendly to the administration. The meeting represents itself as a democratic republican meeting, and among its officers are some of the most respectable men in the county of Philadelphia, who have hitherto ranked themselves as the warm and zealous supporters of the late and present executive.

In presenting the resolutions, Mr. McKean said he subscribed to the sentiments contained in them. He knew the men who composed the meeting, and he knew them to be good men, and he was willing to endorse all their opinions. Mr. McKean moved that the resolutions be read and laid upon the table.

Mr. King of Ala., opposed the reception of the memorial, upon the ground, that the president of the meeting had sent a printed and not a written copy of the proceedings of the meeting. Mr. King for a time was strenuous in his opposition, but at the request of Mr. Buchanan he consented to withdraw his opposition, Mr. McKean having called for the yeas and nays.

The resolutions were then read, ordered to be printed and laid on the table.

Mr. Tallmadge followed with a long and spirited memorial from eight thousand five hundred and sixty-three citizens of New York, legal voters; and another from four thousand citizens, remonstrating against the Sub-Treasury Bill.

Mr. Tallmadge said that the impression had recently gone abroad, that the Sub-Treasury Bill might not only pass the senate, but the house of representatives. In consequence of this impression, which has gone abroad over the country, this petition had passed from hand to hand among the legal voters of New York. Mr. T. continued his remarks at some length, setting forth in a vivid light the condition of the country—its distresses,—embarrassments,—causes of embarrassments, &c. Mr. Tallmadge made no hesitation in charging the present condition of things mainly to the administration, and at some length he commented upon the severe and ruinous effects of the experiment of the administration.

Mr. Webster said he wished to say a few words upon the question before the senate. A memorial was before the senate from more than 8000 legal voters.

The memorialists had acted under the apprehension that the bill before the senate might pass both houses of congress. Mr. Webster said he wished he was sure that that apprehension was groundless. He hoped it was, but he feared not. Mr. W. said, in speaking of the resolutions before the senate, that there was no doubt that all these men, even though some of them were friends of the administration, and distinguished friends of the administration, would be represented as under the paw of the monster.

Mr. Webster concluded his few remarks by imploring the senate to give that attention to these memorials which their importance deserved. Congress was too much accustomed to be indifferent to such petitions.

Mr. Wright followed Mr. Webster, and begged leave respectfully to dissent from the opinions of his colleague in regard to the causes of the extent of the embarrassments of the country. Mr. Wright thought that the memorial of his constituents was ill-timed and calculated to inflict a deep wound upon the banks and the business of the country in regard to the resumption of specie payments. He hinted strongly that the remarks of his colleague and Mr. Webster, were intended to get up a panic, just at the time the banks were ready to resume specie payments.

The debate closed, and the memorial was ordered to be printed.

The Sub-Treasury Bill came up after some miscellaneous business, and the question was upon postponement. [Remember that the vote upon the substitute or upon the postponement is not a test vote.]

Mr. Morris, who expressed the opinions of several senators, said he should vote against the substitute, and against the postponement of the bill, and against the bill before the senate, unless materially amended. The following was the vote upon the question of postponement:—

Yeas—Messrs. Bayard, Buchanan, Clay of Kentucky, Clayton, Crittenden, Davis, Grundy, Knight, McKean, Merriek, Prentiss, Rives, Robbins, Ruggles, Smith of Ind., Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—23.

Nays—Messrs. Allen, Benton, Brown, Calhoun, Clay of Ala., Cuthbert, Folton, Hubbard, King of Ala., Lian, Lumpkin, Lyon, Morris, Mutton, Nicholas, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Conn., Strong, Trotter, Walker, Wall, Williams, Wright, Young—25.

The question then came up on the substitute of Mr. Rives.

Mr. Preston submitted some important amendments, making the secretary of the treasury select state banks in preference to others, and allowing, with the consent of the secretary of the treasury, notes of all sound banks to be received in payment of dues until August next, provided that before August they resume specie payments.

Those amendments were then discussed at great length by Messrs. Preston, Rives, Clay, Buchanan, and others.

—
Wednesday, March 21st, 1838.

The Sub-Treasury Bill came up at 1 o'clock. Mr. Southard was entitled to the floor in continuation and conclusion of his speech begun yesterday.

Mr. Southard continued his remarks upon the policy of the administration and its measures. Mr. S. spoke for about an hour and a half, when an awful pause of some minutes took place. The pause was broken by a motion to take the vote upon the important amendment before the senate—the bill of Mr. Rives. [See below.]

The vote was taken, and decided against the amendment, 29 to 20—three senators being absent. One of the three senators came in and asked permission to vote. Objections were made, and the vote was reconsidered. The question came up again on the vote of Mr. Rives' amendment, which was negatived by the following vote:

Yeas—Messrs. Bayard, Clay of Kentucky, Clayton, Crittenden, Davis, Knight, McKean, Merrick, Nicholas, Prentiss, Preston, Rives, Robbins, Ruggles, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—22.

Nays—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Cuthbert, Fulton, Grundy, Hubbard, King, Linn, Lumpkin, Lyon, Morris, Mouton, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Conn., Strange, Trotter, Walker, Wall, Williams, Wright, Young—30.

Mr. Cuthbert then spoke, and said he believed that there ought to be a separation of the business of the country from the business of government. But he did not recognise the bills of specie-paying banks as not a currency, and especially he thought that such bills ought to be received in payment for the public dues. Mr. C. concluded with a motion to strike out Mr. Calhoun's section.

Mr. Calhoun said the motion was an important one, and required great consideration. He therefore moved an adjournment.

—
Saturday, March 24th, 1838.

The senate resumed the consideration of the Sub-Treasury Bill.

Mr. King moved to amend the 23d section of the bill (gradually prohibiting the government from receiving bank notes at all), by placing the beginning of this gradual process in 1839, instead of 1838—simply delaying the process one year.

The amendment was carried by the following vote:

Yeas—Messrs. Brown, Buchanan, Calhoun, Clay of Ala., Clay of Kentucky, Clayton, Cuthbert, Fulton, Grundy, Hubbard, King, Knight, Linn, Lumpkin, Lyon, McKean, Merrick, Mouton, Nicholas, Niles, Norvell, Pierce, Prentiss, Preston, Roane, Robbins, Robinson, Ruggles, Sevier, Smith of Ind., Southard, Strange, Swift, Tallmadge, Tipton, Trotter, Walker, Wall, White, Williams, Wright, Young—42.

Nays—Messrs. Allen, Bayard, Benton, Crittenden, Davis, Morris, Smith of Conn., Spence, Webster—9.

The question then recurring on Mr. Cuthbert's motion to strike out this 23d section altogether, it was carried in the affirmative, as follows:

Yeas—Messrs. Bayard, Buchanan, Clay of Kentucky, Clayton, Crittenden, Cuthbert, Davis, Fulton, Grundy, Knight, McKean, Merrick, Morris, Nicholas, Prentiss, Preston, Rives, Robbins, Robinson, Ruggles, Sevier, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Wall, Webster, White, Williams, Wright—31.

Nays—Messrs. Allen, Benton, Brown, Buchanan, Clay of Ala., Hubbard, King, Linn, Lumpkin, Lyon, Mouton, Niles, Norvell, Pierce, Roane, Smith of Conn., Strange, Trotter, Walker, Wright, Young—21.

Mr. Tipton moved to insert a clause, containing a positive requisition that the government shall receive in all public dues the notes of specie-paying banks. [This amendment having a special reference to the specie-circular of July, 1836, and intending to rescind it.]

The amendment was lost, as follows:

Yeas—Messrs. Bayard, Clay of Kentucky, Clayton, Crittenden, Davis, Knight, McKean, Merrick, Nicholas, Prentiss, Preston, Rives, Robbins, Ruggles, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—22.

Nays—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Cuthbert, Fulton, Grundy, Hubbard, King, Linn, Lumpkin, Lyon, Morris, Mouton, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Conn., Strange, Trotter, Walker, Wall, Williams, Wright, Young—30.

Mr. Webster having made a few introductory remarks, moved to amend the bill by a requisition that no distinction should be made or exist hereafter between the different branches of the revenue, as to the money or medium in which the debts of the government should be paid or discharged.

Mr. Benton opposed this amendment at much length and with great vehemence.

Mr. Webster modified his amendment so as to prohibit the secretary of the treasury from issuing any general order, (as the specie circular) making a discrimination as to the funds or medium in which debts to the United States should be paid.

Messrs. Calhoun, Wall, and Benton, spoke against the amendment as modified, and Messrs. Webster, Walker, and King, in its favour.

Mr. Benton moved to amend the amendment by requiring that there should not be any difference between the times and terms of credit, and of payment, for customs and for public lands.

Mr. Young offered, as a substitute for this, which Mr. Benton accepted, a proviso that all the public dues should be received in cash or otherwise, in the same medium and manner as payments at the time may be required for the public lands, (thus placing the customs on the same footing with the payments for the public lands, whatever that may be.)

The amendment, after a brief debate, was lost as follows.

Yeas—Messrs. Benton, Linn, Morris, Niles, Norvell, Pierce, Smith of Conn., Young—8.

Nays—Messrs. Allen, Bayard, Brown, Buchanan, Calhoun, Clay of Alabama, Clay of Kentucky, Clayton, Crittenden, Cuthbert, Davis, Fulton, Grundy, Hubbard, King, Knight, Lumpkin, Lyon, McKean, Merrick, Mouton, Nicholas, Prentiss, Preston, Rives, Roane, Robbins, Robinson, Ruggles, Sevier, Smith of Indiana, Southard, Spence, Strange, Swift, Tallmadge, Tipton, Trotter, Walker, Wall, Webster, White, Williams, Wright—44.

The question recurring on Mr. Webster's amend-

ment, forbidding discrimination in the kind of money or medium to be received in paying government dues, it was decided in the affirmative by the following vote.

Yeas—Messrs. Bayard, Brown, Buchanan, Clay of Alabama, Clay of Kentucky, Clayton, Crittenden, Davis, Fulton, Grundy, King, Knight, Lyon, McKean, Merrick, Mouton, Nicholas, Norvell, Prentiss, Preston, Rives, Roane, Robbins, Robinson, Ruggles, Sevier, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Trotter, Walker, Webster, White, and Young—37.

Nays—Messrs. Allen, Benton, Calhoun, Cuthbert, Hubbard, Linn, Lumpkin, Morris, Niles, Pierce, Smith of Conn., Strange, Wall, Wright—14.

Mr. Calhoun at some length, assigned his reasons why he should now vote against the bill.

The bill was then ordered to be engrossed for a third reading, by the following vote:

Yeas—Messrs. Allen, Benton, Brown, Clay of Ala., Calhoun, Fulton, Hubbard, King, Linn, Lumpkin, Lyon, Morris, Mouton, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Conn., Strange, Trotter, Walker, Wall, Williams, Wright, Young—27.

Nays—Messrs. Bayard, Buchanan, Calhoun, Clay of Kentucky, Clayton, Crittenden, Davis, Grundy, Knight, McKean, Merrick, Nicholas, Prentiss, Preston, Rives, Robbins, Ruggles, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, White—25.

On motion of Mr. Morris, the bill, as amended, was ordered to be printed. The senate then adjourned after nine o'clock.

Monday, March 26th, 1838.

The Independent Treasury Bill was taken up on its third reading, and Mr. Norvell having called for the yeas and nays, they were accordingly ordered.

Mr. McKean moved to postpone the bill until the first Monday of December next, and asked for the yeas and nays; which being ordered, the question was taken and resulted—yeas 23, nays 29, as follows:

Yeas—Messrs. Bayard, Buchanan, Clay of Kentucky, Clayton, Crittenden, Davis, Grundy, Knight, McKean, Merrick, Prentiss, Preston, Rives, Robbins, Ruggles, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, and White—23.

Nays—Messrs. Allen, Benton, Brown, Calhoun, Clay of Alabama, Cuthbert, Fulton, Hubbard, King, Linn, Lumpkin, Lyon, Morris, Mouton, Nicholas, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Connecticut, Strange, Trotter, Walker, Wall, Williams, Wright, and Young—29.

The question was then taken on the passage of the bill, and resulted—yeas 27, nays 25, as follows:

Yeas—Messrs. Allen, Benton, Brown, Clay of Alabama, Cuthbert, Fulton, Hubbard, King, Linn, Lumpkin, Lyon, Morris, Mouton, Niles, Norvell, Pierce, Roane, Robinson, Sevier, Smith of Connecticut, Strange, Trotter, Walker, Wall, Williams, Wright, and Young—27.

Nays—Messrs. Bayard, Buchanan, Calhoun, Clay of Kentucky, Clayton, Crittenden, Davis, Grundy, Knight, McKean, Merrick, Nicholas, Prentiss, Preston, Rives, Robbins, Ruggles, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Webster, and White—25.

The bill, as passed, is in the following words:

A BILL to impose additional duties, as depositaries, upon certain public officers, to appoint receivers general of public money, and to regulate the safe-keeping, transfer, and disbursement of the public moneys of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be prepared and provided, within the new treasury building now erecting at the seat of government, suitable and convenient rooms for the use of the treasurer of the United States, his assistants and clerks; and sufficient and secure fire-proof vaults and safes, for the keeping of the public moneys in the possession and under the immediate control of the said treasurer; which said rooms, vaults, and safes, are hereby constituted and declared to be the treasury of the United States. And the said treasurer of the United States shall keep all the public moneys which shall come to his hands in the treasury of the United States, as hereby constituted, until the same are drawn therefrom according to law.

Sec. 2. *And be it further enacted,* That the mint of the United States, in the city of Philadelphia, in the State of Pennsylvania, and the branch mint, in the city of New Orleans, in the State of Louisiana, and the vaults and safes thereof, respectively, shall be places of deposit and safe-keeping of the public moneys at those points respectively; and the treasurer of the said mint and branch mint respectively, for the time being, shall have the custody and care of all public moneys deposited within the same, and shall perform all the duties required to be performed by them, in reference to the receipt, safe-keeping, transfer, and disbursements of all such moneys, according to the provisions hereinafter contained.

Sec. 3. *And be it further enacted,* That there shall be prepared and provided, within the custom-houses now erecting in the city of New York, in the State of New York, and in the city of Boston, in the State of Massachusetts, suitable and convenient rooms for the use of the receivers general of public moneys, hereinafter directed to be appointed at those places respectively; and sufficient and secure fire-proof vaults and safes for the keeping of the public moneys collected and deposited with them respectively; and the receivers general of public money, from time to time appointed at those points, shall have the custody and care of the said rooms, vaults, and safes respectively, and of all the public moneys deposited within the same, and shall perform all the duties required to be performed by them, in reference to the receipt, safe-keeping, transfer, and disbursement of all such moneys, according to the provisions of this act.

Sec. 4. *And be it further enacted,* That there shall be erected, prepared, and provided, at the expense of the United States, at the city of Charleston, in the State of South Carolina, and at the city of St. Louis, in the State of Missouri, offices, with suitable and convenient rooms for the use of the receivers general of public money hereinafter directed to be appointed at the places above-named; and sufficient and secure fire-proof vaults and safes for the keeping of the public money collected and deposited at those points respectively; and the said receivers general, from time to time appointed at those places, shall have the custody and care of the said offices, vaults, and safes, so to be erected, prepared, and provided, and of all the public moneys deposited within the same; and shall perform all the duties required to be performed by them, in reference to the receipt, safe-keeping, transfer, and disbursement of all such moneys, according to the provisions hereinafter contained.

Sec. 5. *And be it further enacted,* That the presi-

dent shall nominate, and, by and with the advice and consent of the senate, appoint four officers, to be denominated "receivers general of public money," which said officers shall hold their respective offices for the term of four years unless sooner removed therefrom; one of which shall be located at the city of New York, in the state of New York; one other of which shall be located at the city of Boston, in the state of Massachusetts; one other of which shall be located at the city of Charleston, in the state of South Carolina; and the remaining one of which shall be located at the city of St. Louis, in the state of Missouri; and all of which said officers shall give bonds to the United States, with sureties, according to the provisions hereinafter contained, for the faithful discharge of the duties of their respective offices.

Sec. 6. *And be it further enacted*, That the treasurer of the United States, the treasurer of the mint of the United States, the treasurers, and those acting as such, of the various branch mints already erected and now erecting, all collectors of the customs, all surveyors of the customs acting also as collectors, all receivers general of public moneys, all receivers of public moneys at the several land offices, and all postmasters, except as is hereinafter particularly provided, be, and they are hereby required to keep safely, without loaning or using, all the public money collected by them, or otherwise at any time placed in their possession and custody, till the same is ordered by the proper department or officer of the government to be transferred or paid out; and when such orders for transfer or payment are received, faithfully and promptly to make the same as directed, and to do and perform all other duties as fiscal agents of the government, which may be imposed by this or any other acts of congress, or by any regulation of the treasury department, made in conformity to law; and also to do and perform all acts and duties required by law, or by direction of any of the executive departments of the government, as agents for paying pensions, or for making any other disbursements which either of the heads of those departments may be required by law to make, and which are of a character to be made by the depositaries hereby constituted, consistently with the other official duties imposed upon them.

Sec. 7. *And be it further enacted*, That the treasurer of the United States, the treasurer of the mint of the United States, the treasurer of the branch mint at New Orleans, and the receivers general of public money heretofore directed to be appointed, shall, respectively, give bonds to the United States, in such form, and for such amounts, as shall be directed by the secretary of the treasury, by and with the advice and consent of the president, with sureties to the satisfaction of the solicitor of the treasury; and shall, from time to time, renew, strengthen, and increase their official bonds, as the secretary of the treasury, with the consent of the president, may direct; any law in reference to any of the official bonds of any of the said officers to the contrary notwithstanding.

Sec. 8. *And be it further enacted*, That it shall be the duty of the secretary of the treasury, at as early a day as possible after the passage of this act, to require from the several depositaries hereby constituted, and whose official bonds are not heretofore provided for, to execute bonds new and suitable in their terms to meet the new and increased duties imposed upon them respectively by this act, and with sureties, in sums such as shall seem reasonable and safe to the solicitor of the treasury, and from time to time require such bonds to be renewed and increased in amount and strengthened by new sureties, to meet any increasing responsibility which may grow out of accumulations

of money in the hands of the depositary, or out of any other duty or responsibility arising under this or any other law of congress.

Sec. 9. *And be it further enacted*, That all collectors and receivers of public money, of every character and description, within the District of Columbia, shall, as frequently as they may be directed by the secretary of the treasury so to do, pay over to the treasurer of the United States, at the treasury thereof, all public moneys collected by them, or in their hands; that all such collectors and receivers of public moneys within the cities of Philadelphia and New Orleans, shall, upon the same direction, pay over to the treasurers of the mints in their respective cities, at the said mints, all public moneys collected by them, or in their hands; and that all such collectors and receivers of public moneys within the cities of New York, Boston, Charleston, and St. Louis, shall, upon the same direction, pay over to the receivers general of public money in their respective cities, at their offices respectively, all the public moneys collected by them, or in their hands, to be safely kept, by the said respective depositaries, until otherwise disposed of according to law; and it shall be the duty of the said secretary to direct such payments, by the said collectors and receivers, at all the said places, at least as often as once in each month, and as much more frequently; in all cases, as he, in his discretion, may think proper.

Sec. 10. *And be it further enacted*, That it shall be lawful for the secretary of the treasury to transfer the moneys in the hands of any depositary hereby constituted, to the treasury of the United States; to the mint at Philadelphia; to the branch mint at New Orleans; or, to the offices of either of the receivers general of public moneys, by this act directed to be appointed; to be there safely kept, according to the provisions of this act; and also to transfer moneys in the hands of any one depositary constituted by this act to any other depositary constituted by the same, at his discretion, and as the safety of the public moneys, and the convenience of the public service, shall seem to him to require. And for the purpose of payments on the public account, it shall be lawful for the treasurer of the United States to draw upon any of the said depositaries, as he may think most conducive to the public interests, or to the convenience of the public creditors, or both.

Sec. 11. *And be it further enacted*, That the moneys in the hands, care, and custody of any of the depositaries constituted by this act, shall be considered and held as deposited to the credit of the treasurer of the United States, and shall be, at all times, subject to his draft, whether made for transfer or disbursement, in the same manner as though the said moneys were actually in the treasury of the United States; and each depositary shall make returns to the treasury department of all moneys received and paid by him, at such times, and in such form, as shall be directed by the secretary of the treasury.

Sec. 12. *And be it further enacted*, That whenever public moneys shall accumulate in the hands of any depositary constituted by this act, other than the treasurer of the United States, the treasurer of the branch mint at New Orleans, and the receivers general of public money, to an amount beyond that secured by the bond of the officer, or which the secretary of the treasury shall, for any cause, consider unsafe, and it shall not be desirable to transfer the moneys so accumulated to any other depositary, it shall be lawful for the said secretary to direct the said moneys, or any portion thereof, to be specially deposited in such bank of the state, or territory, wherein the depositary who is to make the deposit is located, as he, the said secretary, shall select and

name: *Provided*, The bank so selected will agree to receive and keep the moneys deposited with it upon the terms and conditions in the next section of this act prescribed.

Sec. 13. *And be it further enacted*, That the special depositories of the public moneys authorized by the last preceding section of this act to be made in banks, shall be made upon the following terms and conditions, and upon no other, namely:

First. All such depositories shall be strictly special depositories; and the banks holding them shall be prohibited, in the most effectual manner, from making any use of the moneys deposited, by way of loans, discounts, or in any other manner, or for any other purpose whatsoever; and to secure the fulfilment of this condition, the secretary of the treasury is authorized, in his discretion, to furnish the banks selected as deposite banks with safes for the keeping of the public moneys exclusively, and under the joint control of the bank and some designated officer of the government, or to adopt such other guards as he shall prefer.

Second. Nothing but gold or silver, or such notes, bills, or paper, issued under the authority of the United States, as may be directed by law to be received in payment of the public dues, shall be offered for deposite, or received by the banks as a deposite, under the provisions of this act.

Third. All depositories shall be passed, upon the books of the bank, to the credit of the depository making the same; but no moneys deposited in pursuance of this act shall be withdrawn without the express order of the secretary of the treasury for the payment; and no drafts of the treasurer of the United States, or orders or warrants of the secretary of the treasury, for ordinary transfer or disbursement, shall be made upon any bank selected as a deposite bank under this act.

Fourth. A commission, such as shall be agreed upon between the secretary of the treasury and the bank, not in any case to exceed one eighth of one per centum upon the moneys deposited with it, shall be allowed and paid by the United States, in full satisfaction of all claims on the part of the bank for trouble and risk growing out of the receipt, safe-keeping, and repayment of the special depositories herein authorized to be made; all accounts for commissions to be audited and paid at the treasury of the United States.

Sec. 14. *And be it further enacted*, That, in case no bank within the state or territory wherein the depository, directed to make depositories, is located, will consent to receive the moneys of the government upon special deposite, according to the foregoing conditions and regulations, then it shall be lawful for the secretary of the treasury to select some bank in an adjoining state or territory, such as may be most convenient for the officer to make depositories, and the public service; and in case no convenient bank of either character can be found willing to receive such depositories upon the terms proposed, the secretary may transfer the same to the treasury of the United States, to the mint, or branch mints, or to the offices of either of the receivers general of public money, as shall be most convenient to the depository from whom the money is to be transferred, or to the wants of the public service in reference to disbursements.

Sec. 15. *And be it further enacted*, That the secretary of the treasury shall be, and he is hereby authorized to cause examinations to be made of the books, accounts, and money on hand, of the several depositories constituted by this act; and for that purpose to appoint special agents, as occasion may require, with such compensation as he may think reasonable, to be fixed and declared at the time of each appointment, which said examinations, in all cases where the sum

on hand usually exceeds three fourths of the amount of the officer's bond, shall not be made less frequently than once in each year, and as much more frequently, in those and all other cases, as the secretary, in his discretion, shall direct. The agents selected to make these examinations shall be instructed to examine as well the books, accounts, and returns of the officer, as the money on hand, and the manner of its being kept, to the end that uniformity and accuracy in the accounts, as well as safety to the public moneys, may be secured thereby.

Sec. 16. *And be it further enacted*, That in addition to the examinations provided for in the last preceding section, and as a further guard over the public moneys, it shall be the duty of each naval officer and surveyor, as a check upon the receiver general of public moneys, or collector of the customs, of their respective districts; of each register of a land office, as a check upon the receiver of his land office; and of the director and superintendent of each mint and branch mint when separate offices, as a check upon the treasurers, respectively, of the said mints, or the persons acting as such, at the close of each quarter of the year, and as much more frequently as they shall be directed by the secretary of the treasury to do so, to examine the books, accounts, returns, and money on hand, of the receivers general of public money, collectors, receivers of land offices, treasurers, and persons acting as such, and to make full, accurate, and faithful return to the treasury department of their condition.

Sec. 17. *And be it further enacted*, That the said officers respectively, whose duty it is made by this act to receive, keep, and disburse the public moneys, as the fiscal agents of the government, may be allowed any necessary additional expenses for clerks, fire-proof chests, or vaults, or other necessary expenses of safe-keeping, transferring, and disbursing said moneys: all such expenses of every character to be first expressly authorized by the secretary of the treasury, whose directions upon all the above subjects, by way of regulation and otherwise, are to be strictly followed by all the said officers: *Provided*, That the whole number of clerks to be appointed by virtue of this section of this act, shall not exceed ten, and that the aggregate compensations of the whole number shall not exceed eight thousand dollars, nor shall the compensation of any one clerk, so appointed, exceed eight hundred dollars per annum.

Sec. 18. *And be it further enacted*, That the secretary of the treasury shall, with as much promptitude as the convenience of the public business and the safety of the public funds will permit, withdraw the balances remaining with the present depositories of the public moneys, and confine the safe-keeping, transfer, and disbursement of those moneys to the depositories established by this act.

Sec. 19. *And be it further enacted*, That all marshals, district attorneys, and others, having public money to pay to the United States, and all patentees, wishing to make payment for patents to be issued, may pay all such moneys to the treasurer of the United States, at the treasury, to the treasurer of either of the mints in Philadelphia or New Orleans, to either of the receivers general of public money, or to such other depository constituted by this act as shall be designated by the secretary of the treasury, in other parts of the United States, to receive such payments, and give receipts or certificates of deposite therefor.

Sec. 20. *And be it further enacted*, That all officers charged by this act with the safe-keeping, transfer, and disbursement of the public moneys, are hereby required to keep an accurate entry of each sum received, and of the kind of money in which it is received, and of each

payment or transfer, and of the kind of currency in which it is made; and, that if any one of the said officers shall convert to his own use, in any way whatever, or shall use by way of investment in any kind of property or merchandise, or shall loan, with or without interest, any portion of the public moneys intrusted to him for safe-keeping, disbursement, transfer, or for any other purpose, every such act shall be deemed and adjudged to be an embezzlement of so much of the said moneys as shall be thus taken, converted, invested, used, or loaned, which is hereby declared to be a high misdemeanor, and any officer or person convicted thereof before any court of the United States of competent jurisdiction, shall be sentenced to imprisonment for a term of not less than two, nor more than five years, and to a fine equal to the amount of the money embezzled.

Sec. 21. *And be it further enacted*, That, until the rooms, offices, vaults, and safes, directed by the first four sections of this act to be constructed and prepared for the use of the treasurer of the United States, the treasurer of the mints at Philadelphia and New Orleans, and the receivers general of public money at New York, Boston, Charleston, and St. Louis, can be constructed and prepared for use, it shall be the duty of the secretary of the treasury to procure suitable rooms for offices for those officers at their respective locations, and to contract with such banks, incorporations, or individuals, as may be willing to contract for such use of their vaults and safes as may be required for the safe-keeping of the public moneys in the charge and custody of those officers respectively, the expense to be paid by the United States.

Sec. 22. *And be it further enacted*, That it shall not be lawful for the secretary of the treasury to make or continue in force, any general order, which shall create any difference between the different branches of revenue, as to the funds or medium of payment, in which debts or dues accruing to the United States may be paid.

Sec. 23. *And be it further enacted*, That it shall be the duty of the secretary of the treasury to issue and publish regulations to enforce the speedy presentation of all government drafts for payment at the place where payable, and to prescribe the time, according to the different distances of the depositories from the seat of government, within which all drafts upon them, respectively, shall be presented for payment; and, in default of such presentation, to direct any other mode and place of payment which he may deem proper.

Sec. 24. *And be it further enacted*, That the receivers general of public moneys directed by this act to be appointed, shall receive, respectively, the following salaries per annum, to be paid quarter yearly, at the treasury of the United States, to wit: the receiver general of public money at New York shall be paid a salary of three thousand dollars per annum; the receiver general of public money at Boston shall be paid a salary of two thousand five hundred dollars per annum; the receiver general of public money at Charleston shall be paid a salary of two thousand five hundred dollars per annum; and the receiver general of public money at St. Louis, shall be paid a salary of two thousand five hundred dollars per annum; and these salaries, respectively, shall be in full for the services of the respective officers; nor shall either of them be permitted to charge or receive any commission, pay, or perquisite, for any official service, of any character or description whatsoever; and the making of any such charge, or the receipt of any such compensation, is hereby declared to be a misdemeanor, for which the officer convicted thereof, before any court of the United States of competent jurisdiction, shall be subject to

punishment by fine, or imprisonment, or both, at the discretion of the court before which the offence shall be tried.

Sec. 25. *And be it further enacted*, That the treasurer of the United States be, and he is hereby authorized to receive at the treasury, and at such other points as he may designate, payments in advance for public lands, the payments so made, in all cases, to be evidenced by the receipt of the said treasurer of the United States; which receipts so given shall be current at the several land offices of the United States, as cash, at any public or private sale of lands, in the same manner as the currency authorized by law to be received in payment for the public lands: *Provided, however*, That the receipts given by the treasurer of the United States, pursuant to the authority conferred in this section, shall not be negotiable or transferrable, by delivery or assignment, or in any other manner whatsoever, but shall, in all cases, be presented in payment for lands by or for the person to whom the receipt was given, as shown upon its face.

Sec. 26. *And be it further enacted*, That for the purchase of sites, and for the construction of the offices of the receivers general of public money, by this act directed, to be erected at Charleston, South Carolina, and at St. Louis, Missouri, there shall be and hereby is, appropriated, to be paid out of any money in the treasury not otherwise appropriated, the sum of ten thousand dollars, to be expended under the direction of the secretary of the treasury, who is hereby required to adopt plans for the said offices, and the vaults and safes connected therewith, and to cause the same to be constructed and prepared for use with as little delay as shall be consistent with the public interests, and the convenient location and security of the buildings to be erected: *Provided, however*, That if the secretary of the treasury shall find, upon enquiry and examination, that suitable rooms for the use of the receiver general at Charleston can be obtained in the custom-house now owned by the United States at that place, and that secure vaults and safes can be constructed in that building for the safe-keeping of the public money, then he shall cause such rooms to be prepared and fitted up, and such vaults and safes to be constructed in the custom-house at Charleston, and no independent office shall be there erected.

Sec. 27. *And be it further enacted*, That for the payment of the expenses authorized by this act, other than those hereinbefore provided for, a sufficient sum of money be, and the same is hereby appropriated, to be paid out of any money in the treasury not otherwise appropriated.

HOUSE OF REPRESENTATIVES.

Tuesday, March 27, 1838.

The Sub-Treasury Bill from the senate, having been twice read by its title, it was moved by Mr. Patton to lay it on the table. This motion having been withdrawn to enable Mr. Ghascock to offer some remarks, was subsequently renewed by that gentleman, agreeably to promise.

The question was then taken, and the vote resulted in—yeas 106, nays 98, (38 members being absent, the house, with the speaker, consisting of 242,) as follows:

Yeas—Messrs. Adams, Alexander, Hewan Allen, John W. Allen, Ayerrig, Bell, Biddle, Bond, William B. Calhoun, John Calhoun, William R. Campbell, Carter, Chambers, Cboatam, Childs, Clark, Corwin, Cramston, Crockett, Curtis, Cushing, Darlington, Deberry,

Dennis, Dunn, Evans, Everett, Ewing, Richard Fletcher, Fillmore, James Garland, Rice Garland, Goode, James Graham, William Graham, Graves, Gray, Greenell, Hall, Halstead, Harlan, Harper, Hastings, Hawes, Henry, Herod, Hoffman, Hopkins, Henry Johnson, W. Cost Johnson, Kilgore, Lawler, Lincoln, Lyon, Mahony, Marvin, S. Mason, Maury, May, Maxwell, McKennan, Menefee, Mercer, Milligan, Mitchell, Mathias Morris, Calvary Morris, Naylor, Noyes, Ogle, Patterson, Patton, Peck, Phillips, Pope, Rariden, Randolph, Reed, Ridgway, Russell, Sawyer, Sergeant, Augustine H. Shepperd, Charles Shepard, Shields, Sibley, Slade, Smith, Southgate, Stanly, Stewart, Stone, Stratton, Taliaferro, Thompson, Tillinghast, Toland, Underwood, Albert S. White, John White, Ellisha Whittlesey, Lewis Williams, Sherrod Williams, Christopher H. Williams, Wise and York—106.

Nays.—Messrs. Anderson, Andrews, Atherton, Beatty, Beirne, Bicknell, Birdsall, Boon, Brodhead, Bronson, Bryn, Bynum, Cambreleng, John Campbell, Casey, Cleveland, Clawney, Coles, Connor, Craig, Craty, Cochman, Dawson, DeGraff, Droingood, Duncan, Elmore, Farrington, Fairfield, Foster, Gallup, Glasscock, Grandland, Grant, Griffin, Haley, Hammond, Hamer, Harrison, Hawkins, Haynes, Halsey, Howard, Hubley, Robert M. T. Hunter, Ingham, T. B. Jackson, Joseph Johnson, Nathaniel Jones, George N. Keim, Kemble, Legare, Leadbetter, Lewis, Logan, Jas. M. Mason, Martin, McKay, Robert McClellan, Abraham McClellan, McClure, Miller, Montgomery, Moore, Morgan, Samuel W. Morris, Murray, Palmer, Parker, Paynter, Pennypacker, Phelps, Pickens, Plummer, Pultor, Pratt, Prentiss, Rhett, Richardson, Rives, Robertson, Sheffer, Shepler, Snyder, Spencer, Taylor, Thomas, Titus, Toucey, Turney, Vail, Vandervoer, Wagener, Webster, Thomas T. Whittlesey, Jared W. Williams, Worthington, Yell—98.

So the senate bill was laid on the table.

Mr. Gray then rose and remarked that he had voted in the affirmative upon the question of laying the bill upon the table, for the purpose of availing himself of the right to move a reconsideration of the question—a right afforded under the rules of the house only to those who vote with the prevailing party. He gave notice that he should move for reconsideration to-morrow.

From the Washington Globe of 27th March.

Test vote in the House on the principle of separating the Government from the Banks.

Mr. Patton of Virginia this day moved to lay the senate bill establishing an Independent Treasury on the table. On this proposition every member present adhered to the principle of the bill voted with Mr. Patton. A rumor was abroad yesterday, that an attempt of this sort would be made by the opposition to get rid of the bill at once in this oblique mode; but it appears not to have been credited by many of the most devoted friends of the measure, twenty-two of them being absent when the sinister proposition was sprung upon the house. The vote, however, is full of encouragement for the success of this vital measure, in some shape. The vote to lay it on the table, stood—yeas 106, nays 98.

Mr. Gray voted in the affirmative, so as to be enabled to move a reconsideration. Mr. Gray was in favour of the bill, and against laying on the table; so that the vote of those present stands, yeas 103, nays 99. There were 92 members absent, 10 of them opposed, and 22 in favour of the bill; so that, had all been present, whose presence was expected, the vote would have stood, yeas 115, nays 121.

In addition to the 121, there were 2 absent from Mississippi, 2 vacancies in Maine, and 1 absent from Louisiana, and the speaker, who did not vote, making 6; which, being added to the 121, would make 127; so that if the house had been full, the vote would have been, in favour of laying on the table 115, and against it 127.

Members absent on the vote to lay the Independent Treasury Bill of the senate on the table, March 27th, 1838.

In favour of the bill.

Mr. Bouldin,
Buchanan,
Chasey,
Chapman,
Davee of Maine,
Edwards,
Fletcher of Vt.
Fry,
Holt,
Hunter of Ohio,
Jackson of Ga.
Jones of Virginia,
Klingensmith,
Loomis of New York,
McKim,
Noble,
Owens,
Parmenter,
Petrikon,
Reilly,
Towns,
Weeks—22.

Opposed to the bill.

Mr. Borden,
Briggs,
Coffin,
Davies, of Penn.
Jeniler,
Pearce of Md.
Potts,
Renchner,
Rumsey,
J. S. Williams—10.

MR. RIVES'S SUBSTITUTE.

Annexed is a copy of the bill submitted to the United States Senate by Mr. Rives of Virginia, as a substitute for Mr. Wright's Sub-Treasury Bill.

SEC. 1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the number of banks authorized by the act of June 23, 1836, to be employed as depositories of the public money, shall not exceed twenty-five, (any thing in the said act to the contrary notwithstanding;) that they shall be chosen from among the most solid and respectable banks in the states or territories in which they are established, and their locality, as well as number, shall be determined purely with reference to the wants and convenience of the treasury in conducting its fiscal operations.

SEC. 2. *And be it further enacted,* That no bank shall be so selected or employed which shall not pay its bills and notes, and all other demands upon it, promptly in specie, when required; nor until it shall first have furnished to the secretary of the treasury a statement of its condition and business, a list of its directors and officers, a copy of its charter, and such other information as he may require, to enable him to judge of the soundness of its condition.

SEC. 3. *And be it further enacted,* That the banks to be employed as depositories as aforesaid, shall be selected by the secretary of the treasury in the following manner, to wit: if the selection be made during the session of congress, it must, before it take effect, be first approved by joint resolution of both houses, and if made during the recess, it shall be submitted to congress, at the commencement of their next session, to be in like manner confirmed or annulled by them.

SEC. 4. *And be it further enacted,* That the said banks, before they shall be employed as the deposito-

ries of the public money, shall agree to receive the same on the following terms and conditions, to wit:

First. Each bank shall furnish to the secretary of the treasury, from time to time, as often as he may require, not exceeding once a week, statements setting forth its condition and business, as prescribed in the second section of this act, except that such statements need not contain a copy of the charter of the bank; and the said banks shall furnish to the secretary of the treasury and to the treasurer of the United States a weekly statement of the condition of his account on their books; and the secretary of the treasury shall have the right, by himself, or an agent appointed for that purpose, to inspect such general accounts in the books of the bank as shall relate to the said statements: *Provided*, That this shall not be construed to imply the right of inspecting the account of any private individual or individuals with the bank.

Secondly. To credit as specie all sums deposited therein to the credit of the treasurer of the United States, (excepting treasury notes, or other government obligations, that may be receivable in payment of public dues, and which are properly chargeable to the United States,) and to pay all checks, warrants, or drafts, drawn on such deposits, in specie, if required by the holder thereof.

Thirdly. To give, whenever required by the secretary of the treasury, the necessary facilities for transferring the public funds from place to place, within the United States and the territories thereof, and for distributing the same in payment of the public creditors, without charging commissions or claiming allowance on account of difference of exchange.

Fourthly. To render to the government of the United States all the duties and services heretofore required by law to be performed by the late Bank of the United States and its several branches or offices.

Sect. 5. And be it further enacted, That the secretary of the treasury shall be, and he is hereby authorized, and it shall be his duty, whenever, in his judgment, the same shall be necessary or proper, to require of any bank, selected and employed as aforesaid, collateral or additional securities for the safe-keeping of the public moneys deposited therein, and the faithful performance of the duties required by this act.

Sect. 6. And be it further enacted, That it shall be lawful for the secretary of the treasury to enter into contracts, in the name, and for and on behalf of the United States, with the said banks so selected and employed, whereby the said banks shall stipulate to do and perform the several duties and services prescribed by this act.

Sect. 7. And be it further enacted, That no bank which shall be employed as a depository of the public money, shall be discontinued as such, or the public money be withdrawn therefrom, except for the causes hereinafter mentioned; that is to say; if, at any time, any of the said banks shall refuse, or fail to perform any of the duties prescribed by this act, and stipulated to be performed by its contract, or if any of the said banks shall at any time refuse to pay notes in specie, or if the secretary of the treasury shall have reason to believe that any of the said banks is no longer a safe place of deposit for the public moneys, in any and every such case, it shall be his duty to discontinue such bank as a depository, and withdraw from it the public moneys which it may hold on deposit; and, in case of the discontinuance of any of the said banks, it shall be the duty of the secretary of the treasury to report to congress immediately, if in session, and if not in session, at the commencement of its next session, the facts and reasons which have induced such discontinuance: *Provided however*, That nothing herein con-

tained shall be construed to prevent congress, at any time, from passing any law for the removal of the public money from any of the said banks, or from changing the terms of deposit, or to prevent the said banks at any time, from ceasing to act as depositories of the public money, upon paying over, or tendering to pay, the whole amount of public moneys on hand, according to the terms of their agreement with the secretary of the treasury.

Sect. 8. And be it further enacted, That it shall be the duties of the banks selected as depositories of the public money, to make settlements with all the banks in their vicinity with which they have transactions, as often as once a week, and the balances due shall be demanded or paid, as the case may be, in specie, whenever and to whatever extent such requisition, with the approbation of the secretary of the treasury, shall be deemed necessary to check a tendency to over-issue, and to preserve the soundness of the currency.

Sect. 9. And be it further enacted, That it shall be the duty of the secretary of the treasury to adopt all such means as he can properly employ, to induce the banks selected as depositories of the public money, to enter into mutual arrangements for receiving and crediting as cash in payment of the public dues the notes of each other, whenever the same may be offered in such payments.

Sect. 10. And be it further enacted, That the revenue of the United States, whether arising from duties, taxes, debts, postages, or sales of lands, shall be collected and received in gold and silver, or in treasury notes, or in the notes of banks which are payable and paid on demand in the legal coins of the United States, subject to the following restrictions and conditions in regard to the receipt of bank notes, to wit: from and after the expiration of one year from the passage of this act, the notes of no banks which shall issue or circulate bills or notes of a less denomination than five dollars, shall be received in payment of the public dues: and from and after the expiration of two years thereafter, the notes of no banks which shall issue or circulate bills or notes of a less denomination than ten dollars shall be so receivable; *Provided however*, That the notes of no bank whatever shall be received in payment of the public dues by the collectors or receivers of the public money which the banks in which they are to be deposited shall not, under the supervision and control of the secretary of the treasury, agree to pay to the credit of the United States as cash; and *Provided also*, That the notes of no bank which now fail, or may hereafter fail, to redeem its notes in gold and silver, shall, at any time, be received in payment of the public dues, unless such bank shall, on or before the first day of July, eighteen hundred and thirty-eight, have bona fide resumed payments in specie.

Sect. 11. And be it further enacted, That nothing in the preceding section shall be so construed as to prohibit receivers or collectors of the dues of the government from receiving for the public lands, any kind of lend scrip or treasury certificates now authorized by law, but the same shall hereafter be received for the public lands in the same way and manner as has been heretofore practised; and it shall not be lawful for the secretary of the treasury to make any discrimination in the funds receivable between the different branches of the public revenue, except as is provided in this section.

Sect. 12. And be it further enacted, That no bank shall be employed as a depository of the public money which shall not conform, as to the denomination of notes issued or circulated by it, to the condition herein

before imposed on those banks whose paper is allowed to be received in payment of the public debt.

Sec. 13. *And be it further enacted*, That it shall be the duty of the secretary of the treasury to lay before congress, at the commencement of each annual session, and as often thereafter as either house may require, a statement of the number and names of the banks employed as depositories of the public money, and of their condition, and the amount of public money deposited in each, as shown by their returns at the treasury, with every other particular which may assist congress in forming a satisfactory judgment of the safety of the public moneys, and of the soundness and responsibility of the depositories to which they are committed.

Sec. 14. *And be it further enacted*, That all acts, and parts of acts, coming within the purview of this act are hereby repealed.

PLAN OF A NATIONAL BANK.

In Senate, Monday, May 21, 1838.

Mr. Clay, of Kentucky, rose, and stated that he wished to present a petition confided to his care, signed by a number of persons, praying for the establishment of a Bank of the United States. It was similar to several other petitions which had been presented to the senate, or to the house, during the present session, praying for the same object. They afford evidence of a deep and returning conviction, among the people, of the utility of such an institution.

Whilst I am up, (continued Mr. Clay,) with the permission of the senate, I beg leave to submit a few observations upon this subject. There is reason to believe that much honest misconception and some misrepresentation prevail in regard to it, which I wish to correct. It had been supposed that those who are desirous of seeing a Bank of the United States established are anxious that a charter should be granted to an existing state institution, which has an eminent individual at its head, and that this was the sole object of all their exertions. Now I wish, for one, to say, that I have no such purpose in view. I entertain for that gentleman very high respect. I believe him uncommonly able, profoundly skilled in finance, and truly patriotic. There is but one other person, connected with the banking institutions of the country, in whose administration of a Bank of the United States I should have equal confidence with Mr. Biddle, and that is Albert Gallatin, who, I am glad to learn, at an advanced age, retains, in full vigour, the faculties of his extraordinary mind. There may be other citizens equally competent with those two gentlemen, but I do not know them, or am not acquainted with their particular qualifications.

But it is not for any existing state bank, or any particular individual at its head, that I am contending. I believe the establishment of a Bank of the United States is required by the common good of the whole country; and although I might be willing, if it were practicable, to adopt an existing bank as the basis of such an institution, under all circumstances, I think it most expedient that a *new* bank, with power to establish branches, be created and chartered under the authority of congress. My friends (as far as I know their opinions) and I are not particularly attached to this or that individual, to this or that existing bank, but to principles, to the thing itself, to the institution, to a well-organized Bank of the United States, under the salutary operation of which the business of the country had so greatly prospered, and we had every reason to hope would again revive and prosper. And,

presuming upon the indulgence of the senate, I will now take the liberty to suggest, for public consideration, some of those suitable conditions and restrictions under which it appears to me that it would be desirable to establish a new bank.

1. The capital not to be extravagantly large, but, at the same time, amply sufficient to enable it to perform the needful financial duties for the government; to supply a general currency of uniform value throughout the Union; and to facilitate, as high as practicable, the equalization of domestic exchange. I suppose that about fifty millions would answer all those purposes. The stock might be divided between the general government, the states, according to their federal population, and individual subscribers. The portion assigned to the latter to be distributed at auction or by private subscription.

2. The corporation, in the spirit of a resolution recently adopted by the general assembly of the state, one of whose senators I have the honour to be, to receive such an organisation as to blend, in fair proportions, public and private control, and combining public and private interests. And, in order to exclude the possibility of the exercise of all foreign influence, non-resident foreigners to be prohibited not only from any share in the administration of the corporation, but from holding, directly or indirectly, any portion of its stock. Although I do not myself think this latter restriction necessary, I would make it, in deference to honest prejudices, sincerely entertained, and which no practical statesman ought entirely to disregard. The bank would thus be, in its origin, and continue, throughout its whole existence, a genuine American institution.

3. An adequate portion of the capital to be set apart in productive stocks, and placed in permanent security, beyond the reach of the corporation, (with the exception of the accruing profits on the stocks,) sufficient to pay promptly, in any contingency, the amount of all such paper, under whatever form, that the bank shall put forth as a part of the general circulation. The bill or note holders, in other words, the mass of the community, ought to be protected against the possibility of the failure or the suspension of a bank. The supply of the circulating medium of a country is that faculty of a bank, the propriety of the exercise of which may be most controverted. The dealings with a bank, of those who obtain discounts, or make deposits, are voluntary and mutually advantageous, and they are comparatively few in number. But the reception of what is issued and used as a part of the circulating medium of the country, is scarcely a voluntary act, and thousands take it who have no other concern whatever with the bank. The many ought to be guarded and secured by the care of the legislative authority; the vigilance of the few will secure them against loss. I think this provision is a desideratum in our American banking, and the credit of first embodying it in a legislative act is due to the state of New York.

4. Perfect publicity as to the state of the bank at all times, including, besides the usual heads of information, the names of every debtor to the bank, whether as drawer, endorser, or surety, periodically exhibited, and open to public inspection; or, if that should be found inconvenient, the right to be secured to any citizen to ascertain at the bank the nature and extent of the responsibility of any of its customers. There is no necessity to throw any veil of secrecy around the ordinary transactions of a bank. Publicity will increase responsibility, repress favoritism, insure the negotiation of good paper, and, when individual insolvency unfortunately occurs, will deprive the bank of

undue advantages now enjoyed by banks practically in the distribution of the effects of the insolvent.

5. A limitation of the dividends so as not to authorize more than — per cent. to be struck. This will check undue expansions in the circulating medium, and restrain improper extension of business in the administration of the bank.

6. A prospective reduction in the rate of interest, so as to restrict the bank to six per cent. simply, or, if practicable, to only five per cent. Banks now receive at the rate of near 8½ per cent. by demanding the interest in advance, and by charging for an additional day. The reduction may be effected by forbearing to exact any bonus, or, when the profits are likely to exceed the prescribed limit of the dividends, by requiring that the rate of interest shall be as lowered as that they shall not pass that limit.

7. A restriction upon the premium demanded upon post notes and checks used for remittances, so that the maximum should not be more than, say, one and a half per cent. between any two of the remotest points in the Union. Although it may not be practicable to regulate foreign exchange, depending as it does upon commercial causes not within the control of any one government, I think that it is otherwise with regard to domestic exchange.

8. Every practicable provision against the exercise of improper influence, on the part of the executive, upon the bank, and, on the part of the bank, upon the elections of the country. The late Bank of the United States has been, I believe, most unjustly charged with interference in the popular elections. There is, among the public documents, evidence of its having scrupulously abstained from such interference. It never did more than to exercise the national right of self-defence by publishing such reports, speeches, and documents as tended to place the institution and its administration in a fair point of view before the public. But the people entertain a just jealousy against the danger of any interference of a bank with the elections of the country, and every precaution ought to be taken strictly to guard against it.

This is a brief outline of such a new Bank of the United States as I think, if established, would greatly conduce to the prosperity of the country. Perhaps, on full discussion and consideration, some of the conditions which I have suggested might not be deemed expedient, or might require modification, and important additional ones may be proposed by others.

I will only say a word or two on the constitutional power. I think that it ought no longer to be regarded as an open question. There ought to be some bounds to human controversy. Stability is a necessary want of society. Among those who deny the power, there are many who admit the benefits of a Bank of the United States. Four times, and under the sway of all the political parties, have congress deliberately affirmed its existence. Every department of the government has again and again asserted it. Forty years of acquiescence by the people; uniformity every where in the value of the currency; facility and economy in domestic exchange, and unexampled prosperity in the general business of the country, with a Bank of the United States; and, without it, wild disorder in the currency, ruinous irregularity in domestic exchange, and general prostration in the commerce and business of the nation, would seem to put the question at rest, if it is not to be perpetually agitated. The power has been sustained by Washington, the father of his country; by Madison, the father of the constitution; and by Marshall, the father of the judiciary. If precedents are not to be blindly followed, neither ought they to be wantonly despised. They are the evidence of truth;

and the force of the evidence is in proportion to the integrity, wisdom, and patriotism of those who establish them. I think that on no occasion could there be an array of greater or higher authority. For one, I hope to be pardoned for yielding to it, in preference to submitting my judgment to the opinion of those who now deny the power, however respectable they may be.

But, Mr. President, strong as my convictions are, I have no intention of formally presenting any proposition to establish a Bank of the United States. Composed as congress and the executive now are, it would be an unnecessary waste of time to offer such a proposal. I should regret to see a bank established, unless it were clearly called for by public opinion. I believe it is now desired by a majority of the people of the United States. But of that there does not exist perhaps any conclusive evidence. Let us wait until demonstrations of their will shall be clearly given; and let us all submit, and, for one, I shall most cheerfully, to their decision, whatever it may be. Mr. C. moved that the petition be laid on the table.

A debate followed, to be given hereafter, in which Mr. Allen, Mr. Buchanan, and Mr. Clay of Ky., participated.

The petition was then laid on the table.

REPEAL OF THE SPECIE CIRCULAR.

The vote on the passage of the resolution repealing the specie circular on the 30th of May, 1838, in the senate was as follows:—

Yeas.—Messrs. Bayard, Buchanan, Clay of Alabama, Clay of Kentucky, Clayton, Davis, Fulton, Grady, Kibb, Lumpkin, Lyon, McKean, Merrick, Monton, Nicholas, Norvell, Preston, Rives, Robbins, Robinson, Ruggles, Sevier, Smith of Indiana, Southard, Spence, Swift, Tallmadge, Tipton, Trotter, Wall, Webster, White, Williams, Young—34.

Nays.—Messrs. Allen, Benton, Brown, Calhoun, Hubbard, Morris, Niles, Smith of Conn., Strango—9.

In the house of representatives, on same day, it was as follows:—

Yeas.—Messrs. Adams, Alexander, H. Allen, Anderson, Ayer, Banks, Beane, Bell, Bicknell, Biddle, Bond, Boon, Briggs, Brodhead, Bronson, Buchanan, Wm. B. Calhoun, John Calhoun, W. B. Campbell, Casey, Chambers, Chapman, Cheatham, Childs, Clark, Connor, Corwin, Craig, Cray, Cranston, Crockett, Cushing, Dawson, Davis, Davies, DeGraff, Dennis, Duon, Edwards, Evans, Everett, Ewing, Fairfield, Richard Fletcher, Fillmore, Gallop, J. Garland, R. Garland, Glascock, Goode, Win. Graham, Grantland, Graves, Griffin, Haley, Hall, Hulsted, Hamer, Harlan, Hastings, Hawes, Haynes, Henry, Herod, Hoffman, Hopkins, Howard, R. M. T. Hunter, Ingham, T. B. Jackson, Jabez Jackson, J. Johnson, N. Jones, Kemble, Kilgore, Klingensmith, Legare, Lincoln, Loomis, Mallory, Marvin, J. M. Mason, S. Mason, Martin, Maury, May, Maxwell, R. McClellan, McKennan, Mercer, Milligan, Mitchell, Montgomery, Morgan, C. Morris, Murray, Naylor, Noble, Noyes, Ogile, Owens, Parmenter, Patterson, Peck, Pennypacker, Phelps, Pickens, Pope, Polts, Pratt, J. H. Prentiss, S. S. Prentiss, Rariden, Randolph, Reed, Reilly, Rencher, Ridgway, Robertson, Robinson, Ramsey, Russell, Sawyer, Sergeant, Sevier, A. H. Shepperd, C. Shepard, Shields, Slade, Snyder, Stanley, Stuart, Stratton, Telfer, Taylor, Tillinghast, Titus, Toland, Underwood, Vanderveer, Webster, Albert B. White, J. White, E. Whittlesey, T. T. Whittlesey, L. Williams, S. Williams, J. L. Williams, Chris-

topher H. Williams, Wise, Word, Worthington, Yell, York—154.

Notes.—Messrs. Atherton, Bouldin, Cambresing, Clowney, Coles, Cushman, Droomgrole, Duncan, Farrington, I. Fletcher, Fry, Harrison, Holt, Hubley, Keim, Lombetta, Logan, McKay, A. McClellan, McClure, Moore, Parria, Petrikin, Rives, Sheplar, Spencer, Thomas, Turney, Jared W. Williams—29.

[The resolution was published at page 60 of this volume.]

The National Intelligencer observes in relation to its abrogation:—

"It is remarkable with what pertinacity the executive has withstood public sentiment in regard to this pernicious measure. The solicitations of friends, and the reiterated decisions of congress, have alike been unavailing to produce its repeal. Three-fourths of the members of the last congress pronounced its condemnation by the bill of February, 1837, which General Jackson put in his pocket, and would neither sign nor return to congress that it might be passed into a law without his signature. Then there was the sub-treasury bill of the extra session which passed the senate, and which contained a clause repealing the specie circular. Next, there is the sub-treasury bill of this session, which has also passed the senate, containing (in its 23d section) a similar rescinding clause, moved by Mr. Webster. And now, here is the joint resolution, in the identical terms of that section, substituted by the senate, on motion of the same gentleman, for the proposition of Mr. Clay, which has received the sanction of overwhelming majorities in both houses. Thus has the senate four different times, and the house of representatives twice, declared in effect that this Jacksonian Experiment, No. 2, ought not only to be revoked, but that it ought to be made unlawful for the executive ever hereafter to issue or authorize any similar order. Yet, up to this moment, has the executive clung to the measure, regardless of the injury which even his partisans avow that it inflicts on the country, regardless of the public will, most emphatically spoken through the representatives of the people. Yes, clung to it with a tenacity which is unaccountable upon any other hypothesis than that the executive will has been controlled by some 'malign influence,' either proceeding from the Hermitage, or exerted here by the original co-actors and advisers of the measure. Be that as it may, the fate of that 'experiment' is sealed. The odious and unconstitutional discrimination must now be given up. Congress has pronounced its fate in a voice that must be heard, and with a unanimity that leaves no hope to its friends, even from the 'verro.'"

NORTH AMERICAN TRUST AND BANKING COMPANY.

No. 26 Wall street, New York.

Capital \$50,000,000.

This institution has been organized under the general Banking Law of the State of New York. Its capital is fifty millions of dollars—two millions of which have been subscribed.

The company are now prepared to receive additional applications for its stock, to be paid for in cash, in state stocks, or in bonds secured by mortgage on unincumbered real estates within the United States; such applications to be addressed to the vice president at this office.

The terms upon which this company make their arrangements, are as liberal as those of any corporation in this state.

OFFICERS.

Joseph D. Beers, President.
Myndert Van Schaick, Vice-president.
Walter Mead, Cashier.
Daniel E. Tylee, second Cashier.

DIRECTORS.

Joseph D. Beers,	Daniel E. Tylee,
Myndert Van Schaick,	Peter Suyvasant,
Thomas E. Davis,	Anson G. Phelps,
Stephen Whitney,	Thomas L. Servoss,
George D. Strong,	John L. Graham,
Thomas Tilston,	Wm. P. Hallott,
John R. Peters,	Valentine G. Hall,
Aquila G. Stout,	William Stebbins,
James B. Murray,	Henry H. Leoda,
Richard Suydam,	Gilbert Allen,
Henry H. Elliott,	Thomas G. Talmage,
Obadiah Holmes,	Courtland Palmer.
Henry Yates,	
Shelden Thompson, Buffalo, New York.	
Washington Hunt, Niagara county.	
David E. Evans, Genesee county.	
William K. Strong, Ontario county.	
William M. Oliver, Yates county.	
James Seymour, Monroe county.	
John C. Devereux, Oneida county.	
Stephen Warren, Rensselaer county.	
Jonathan Trotter, Kings county.	
Charles Hoyt, do. do.	
Samuel D. Walker, Baltimore.	
James Erwin, New Orleans.	

Copies of the articles of association, and all necessary information respecting the company, can be had, upon application at the office of the company.

Articles of association of the North American Trust and Banking Company.

Articles of association, made and entered into, under and pursuant to an act of the legislature of the state of New York, entitled "An act to authorise the business of Banking," passed April eighteenth, one thousand eight hundred and thirty-eight, witness, that the subscribers, whose names and seals are hereto affixed, have associated themselves under and pursuant to the act aforesaid, and do certify and declare the articles of their association to be as follows:—

ARTICLE I.

Sec. 1. The name assumed to distinguish the association, and to be used in its dealings, shall be The North American Trust and Banking Company.

Sec. 2. This association shall commence on the fourteenth day of July, one thousand eight hundred and thirty-eight, and shall terminate on the first day of November, two thousand three hundred and one.

Sec. 3. The city of New York shall be the place where the operations of discount and deposits, and the general business of the association shall be carried on.

ARTICLE II.

Sec. 1. The capital stock of this association shall be two millions of dollars, to be divided into twenty thousand shares, of one hundred dollars each, with power and authority to increase the same, as hereinafter mentioned, to fifty millions of dollars.

Sec. 2. The directors of this association shall provide and keep suitable books for the registry and transfer of the shares of the capital stock, which shall be transferable on the books of the association, by the owners, or their attorneys, in the same manner which shall be prescribed by the by-laws.

ARTICLE III.

Sec. 1. All the power, rights, and privileges of each and all the associates, and of one who may become such by virtue of these articles, are hereby irrevocably delegated to, and vested in, and shall be exercised only by a board of directors, and such officers and agents as they shall appoint.

Sec. 2. The board of directors shall consist of forty persons.

Sec. 3. (Here follows a list of the directors. See the advertisement above.)

shall be the first directors; and their power and authority shall commence on the day that these articles shall be filed and recorded in the office of the clerk of the city and county of New York.

Sec. 4. The said board of directors shall be divided by lot into classes of five each, and be so arranged that the time of service of one of said classes shall expire on the first Tuesday in June next; of one at the end of one year thereafter; of one at the end of two years thereafter; of one at the end of three years thereafter; of one at the end of four years thereafter; of one at the end of five years thereafter; of one at the end of six years thereafter; of one at the end of seven years thereafter; so that five directors shall be elected each year.

Sec. 5. The first election of directors under these articles shall be held in the city of New York, on the first Tuesday in June, in the year one thousand eight hundred and thirty-nine, and thereafter on the first Tuesday in June of each year, at such time of the day, and at such place in said city as the board of directors for the time being shall by resolution appoint.

Sec. 6. Notice of the election for directors shall be published in two of the daily newspapers, printed in the city of New York, for at least thirty days immediately preceding the day of election.

Sec. 7. The board of directors shall, previously to each election, appoint three persons to be inspectors of election.

Sec. 8. All elections for directors shall be by ballot; and each shareholder shall be entitled to one vote, in person or by proxy, on each share of stock standing in his name on the books of the association; and the five persons having the greatest number of votes shall be directors.

Sec. 9. At any election, if there shall be a failure to elect, in consequence of two or more persons having an equal number of votes, the board of directors shall, by ballot and by plurality of votes, determine which of the persons so having an equal number of votes, shall be the director.

Sec. 10. The board of directors shall have power, and it shall be their duty, to supply all vacancies that may occur in their board, by death, resignation or otherwise, during the ensuing year, and the year ensuing each annual election; and the person or persons so appointed, shall hold the place or places for the same term that the person or persons, in whose place or places he or they shall be appointed, would have held the same.

Sec. 11. Every director shall be or become a stockholder to the amount of at least fifty shares, before acting as a director, and within sixty days after his appointment or election; and any director not being or becoming a shareholder to the amount of fifty shares within sixty days after his appointment or election, or afterwards ceasing to be a shareholder to that amount, shall thereby vacate his place as such director, and his place shall be supplied by the board of directors, as provided by section ten of this article.

ARTICLE IV.

Sec. 1. The board of directors are hereby authorized and empowered to appoint one of their number president; and to appoint a vice president and cashier, and such other officers and agents as the business of the association shall require; and to remove such president, vice president, cashier, officers and agents at pleasure, and appoint others in their stead.

Sec. 2. The board of directors shall have authority to determine what number of directors shall constitute a quorum for business, and to make such by-laws, rules, and regulations for the management of the business of the association, and the government of themselves, officers, and agents, as they may think expedient, not inconsistent with law or these articles of association; and such by-laws, rules, and regulations, to alter at pleasure.

Sec. 3. The board of directors shall have power, on behalf of the association, to carry on the business of banking, by discounting notes, bills, and other evidences of debt; by receiving deposits on interest or otherwise; by buying and selling gold and silver bullion, foreign coin, and bills of exchange, in such manner as they may see fit, for any purposes not prohibited by law; by giving to those who make deposits of money or other things, such receipts, bonds, bills, notes, or other evidences of debt as may be lawful; by loaning money on real and personal security; and by exercising all the incidental powers necessary to carry on such business; and also, to exercise such other powers, and transact such other business as the said association are, or may be authorized by law, to exercise and transact.

Sec. 4. The directors may deposit with, or transfer to the comptroller of the state of New York, such part of the capital stock, assets, or securities of the association as is authorized by law, and receive from him circulating bills or notes, according to the provisions of the aforesaid statute, to loan and circulate as money, according to law.

Sec. 5. The board of directors may establish agencies, and appoint all officers and agents necessary to take charge thereof.

Sec. 6. The board of directors are hereby authorized to increase the number of associates, and the capital stock of this association, from time to time, until the capital shall amount to fifty millions of dollars.

Sec. 7. The time and mode of increasing the capital and requiring the payment thereof, shall be fixed and determined by the directors in a manner not inconsistent with law and these articles of association.

Sec. 8. The capital stock, and all increase of the same, shall be paid at such times, and in such proportions, as the directors may, from time to time, direct; and the first named twenty thousand shares may be paid in any of the securities in which the directors are authorized to invest the capital stock.

Sec. 9. No call shall be made for the payment of stock except by a notice to be published daily for four successive weeks, in two newspapers printed in the city of New York.

Sec. 10. If any shareholder shall omit to make payment, pursuant to any call of the directors, the shares on which payment is omitted to be made shall be forfeited to the use of the association, together with all previous payments made thereon.

Sec. 11. Each shareholder may at any time pay to the association the amount unpaid on any share standing in his name, so as to make the same full stock; and thereupon shall be entitled to receive a certificate accordingly; but no certificate shall be given to any shareholder until all the installments due, or to become

due, shall have been paid, and the same made full stock.

Sec. 12. The board of directors shall exhibit annually to the shareholders a statement of their affairs, verified by the oath or affirmation of the president or vice president and cashier, which statement shall be printed for the use of the stockholders.

Sec. 13. Dividends of so much of the interest and profits of the association as shall be deemed expedient by the directors, shall be declared and paid half yearly during the months of January and July, in each year.

Sec. 14. A majority of the board of directors are hereby authorised to accept for the association any act or acts of incorporation, and all other powers and privileges that may be conferred by law.

ARTICLE V.

Sec. 1. The president of the association for the time being, is hereby designated and declared to be the person to whom conveyances of real estate shall be made, to take and hold the same as trustee for the association, or the shareholders thereof.

ARTICLE VI.

Sec. 1. At least one half of the capital stock, and of any increase of capital, shall be from time to time permanently invested in bonds, drawing interest secured by mortgages on unincumbered real estate within the United States, worth at least fifty per cent. more than the amount of such bond and mortgage; and one half of the residue of said capital stock, and of any increase thereof, shall be invested in the same manner, or in the public debt of the United States, or of any state of the Union, or of any incorporated city in the U. States.

ARTICLE VII.

Sec. 1. No director or shareholder in this association shall be liable in his individual capacity for any contract, debt, or engagements of this association.

NATIONAL BANK.

From the National Gazette of — October, 1837.

Deeming the question as to the prospective establishment of a National Bank highly important, and considering the vote of the majority in the house of representatives on the 5th inst. an attempt to forestall the opinions of the people, and to influence or destroy future legislative action on the subject, we present prominently the yeas and nays on the question. We do this also having a special reference to the votes of the Pennsylvania delegation, to whose state the subject is peculiarly interesting. Their names are distinguished in *italics*. The number who voted against the expediency of a bank, and to bind the people and their representatives in future, are—

Messrs. Anderson, Andrews, Atherton, *Betty*, Beirns, Bicknell, Birdall, Bond, Bouldin, Brodhead, Bruyn, Buchanan, Bynum, Canbreling, T. J. Carter, Casey, Chapman, Ciley, Cluitorus, Clerk, Cleveland, Clowney, Colon, Connor, Craig, Cray, Cushman, Dawson, Davee, Dromgoole, Duncan, Edwards, Elmore, Fairfield, Isaac Fletcher, *Fry*, Gallup, Gholson, Glasscock, Grenland, Gray, Griffin, Haley, *Hammond*, Hamer, Harrison, Hawkins, Haynes, Holey, Holt, Hopkins, Howard, *Hawley*, William H. Hunter, Robert M. T. Hunter, Ingham, Thomas B. Jackson, Jabez Jackson, Joseph Johnson, Nathaniel Jones, John W. Jones, Kilgore, Klingensmith, Leagre, Leadbetter, Lewis, Logan, Arphaxad Loomis, Lynn, Mallory, Jan. M. Mason, Martin, McKay, A. McClellan, *McClure*, McKim, Miller, Montgomery, Moore, Morgan, Matthias

Morris, Samuel W. Morris, Muhlenburg, Noble, Ogle, Owens, Palmer, Parmenter, Patton, Paynter, Penny-packer, Petriken, Phelps, Pickens, Plumer, Potter, Pratt, Prentiss, Reily, Rhett, Rives, Robertson, *Shaffer*, Shields, Shipley, Smith, Snyder, Spencer, Stewart, Taliaferro, Taylor, Thomas, Thompson, Titus, Toucey, Towns, Turney, Vanderveer, *Wagner*, Webster, Thomas T. Whittlesey, Jared W. Williams, Worthington, and Yell—122.

But it appears that several members of the party were absent, who have been required to proclaim their adhesion, as they do in the following card.

"Messrs Blair & Rives:

You are respectfully requested to state in your paper, that the undersigned, having been casually absent when the question was taken this morning on the resolution 'that it is inexpedient to charter a national bank,' would, if they had been present, have voted in the affirmative. Yours, etc.

Robert McClellan,	John Cheney,
Henry Vail,	Henry A. Foster,
Amasa J. Parker,	R. Boon,
John J. DeGraff,	A. P. Grant,
Joseph Weeks,	Isaac H. Bronson.
James Farrington,	

October 5, 1837."

Thus giving a total of one hundred and thirty-three votes in favour of the proposition. To these may be added five others, attached to the administration cause, who were absent at the vote: Messrs. Kenble, of New York, Richardson, of South Carolina, Carter, Murray, and Polk, of Tennessee; who, if added, would increase it to one hundred and thirty-eight. But some of them may have been disposed to rebel, or, if present, not willing "to toe the mark." In this category we do not include the speaker.

The members who voted to leave the question open to the people, and their representatives to consult their own interests in future, were—

"Messrs. Adams, Heman Allen, John W. Allen, Ayerigg, Bell, *Biddle*, Borden, William B. Calhoun, John Calhoun, William B. Campbell, Chambers, Cheatham, Childs, Corwin, Cranston, Crockett, Curtis, Cushing, *Darlington*, Davis, Deberry, Dennis, Dunn, Everett, Ewing, Richard Fletcher, Filmore, Rice Garland, Goode, James Graham, William Graham, Graves, Grennell, Hall, Halstead, Harlan, *Hurper*, Hawes, Henry, Herod, Jenifer, Henry Johnson, William Cost Johnson, Lawler, Lincoln, Andrew W. Loomis, Marvin, Samson Mason, Maury, May, Maxwell, *McKennen*, Mencher, Mercer, Milligan, Calvary Morris, *Naylor*, Patterson, Pearce, Peck, Phillips, Pope, *Potts*, Rariden, Randolph, Reed, Rencher, Ridgway, Rumsey, Russell, *Sergeant*, Augustine H. Shepperd, Charles Sheppard, Sibley, Slade, Southgate, Stanley, Stratton, Tillingham, Toland, Underwood, Albert S. White, John White, Eliza Whittlesey, Lewis Williams, Sherrod Williams, Joseph Williams, Christopher H. Williams, Wise, and Yorke—91."

Absent—Messrs. Evans and Noyes, of Maine; Briggs and Hastings, of Massachusetts; Hoffman, Marvin, and Mitchell, of New York; Sawyer, of North Carolina; Campbell, of South Carolina; Bell, of Tennessee; Bond and Alexander, of Ohio; and Lewis, of Alabama—thirteen. Mr. Ogle, a whig member from Pennsylvania, voted with the majority; and Mr. Borden, of Massachusetts, an administration member, (the only one who ventured to stray from the ranks) with the minority. Four Virginia opposition members, Messrs. Mallory, Robertson, Taliaferro, and Hunter; five from South Carolina, Messrs. Pickens, Elmore, Griffin, Thompson, and Smith (probably Mr. Calhoun's friends);

and one from Georgia, voted with the majority. If all the whig members had voted in solid column, as those of the administration did, from which there was but one deserter, the vote would have stood 117 to 138—still leaving a majority of twenty-one in favour of the slavish doctrine of binding succeeding legislatures. We are aware it will be said that this is not intended by the whig members, many of whom have voted independently, in favour of what we believe to be an invidious proposition, and some of the majority may dissent from a principle so odious, as applicable to a question of policy, and not contracts; but that it was designed to operate on future legislation, and will be need for that purpose, we cannot doubt. Considering the importance of the vote in reference to the bank, and more so as to the principle attempted to be established, we consider any apology for the preceding details unnecessary. In the classification of the members as to party, we have relied on Niles' Register. Of the Pennsylvania delegation, eighteen voted for, and ten against, the proposition, making, with the two senators, whose names will probably be added to the list, twenty votes from a state whose interests would be most promoted by the measure which they oppose. Let it not be supposed we mean to argue in favour of the establishment of a national bank. Far be it from us. The time of reasoning has gone by, and it is not by arguments, but by sufferings, that conviction will be forced on the minds of the people. The official paper has announced, that "the dynasty of banks, great and small, approaches its end;" if so, the progress of dissolution may act as a vivifying agent in awakening the national constituency to a just appreciation of its social condition and wants, and produce salutary results accordingly.

MISSISSIPPI BANK CONVENTION.

Vicksburg, Nov. 5th, 1838.

At a convention of delegates from the banks of Mississippi held this day at the Commercial and Rail Road Bank of Vicksburg, the following banks were represented, viz: Planters' Bank, Agricultural Bank, Commercial and Rail Road Bank of Vicksburg, Grand Gulf Rail Road and Banking Company, West Feliciana Rail Road and Banking Company, Commercial Bank of Natchez, Commercial Bank of Manchester, Commercial Bank of Columbus, Commercial Bank of Roddey, Tombigby Rail Road Company, Bank of Vicksburg, Bank of Lexington, Bank of Port Gibson, Vicksburg Water Works and Banking Company, Mississippi Rail Road Company, Citizens' Bank of Madison County, Mississippi Union Bank, Aberdeen and Pontotoc Banking Company, Real Estate Bank at Columbus.

On motion, Hiram G. Runnels was called to the chair, and J. J. Chewning appointed secretary.

Whereas, The Mississippi Union Bank has invited the banks of Tennessee, Arkansas, and Alabama, to a convention to be held in this city on the first Monday of December next, for the purpose of designating the earliest day practicable for the resumption of specie payment; and whereas, the Mississippi Union Bank has received notice from a portion of said banks that they will be represented in said convention—therefore be it

Resolved, That it would be premature for the banks of Mississippi, now in convention, to act definitely on said subject at this time.

Resolved, That with a view to produce harmony of action with the banks of Mississippi at the aforesaid general convention, that the banks that are here represented be invited to make an exhibit of their true con-

dition, with a view to fixing on the day of resumption at the December convention.

Resolved, That a committee of three members be appointed to receive the statements of the banks here represented, and report to the convention a condensed statement of their condition, whereupon the following gentlemen were appointed the committee on the foregoing resolution, viz. J. A. Quitman, M. B. Hamer, and L. R. Marshall.

Resolved, That it be strongly recommended to the convention to be held in this place in December next, that the first Monday in January be fixed upon for a general resumption of specie payments.

Resolved, That the several banks here represented accept the invitation of the Mississippi Union Bank to meet such delegates as may be sent by the banks of the states of Alabama, Tennessee and Arkansas to the proposed convention to be held at this place on the first Monday in December next for the purpose of fixing definitely a day for the general resumption of specie payments.

Resolved, That the resolutions adopted by this convention be signed by the president and secretary, and published in the papers of the city of Vicksburg—whereupon this convention adjourns.

Afterwards, the following resolution was offered by N. J. Minor, Esq. and adopted by this convention:

Resolved, That the banks here represented will, as early as practicable, introduce and put in circulation in this state, the United States coin, dimes and half dimes, in place of bits and half bits, and that all other banks in Mississippi be requested to do the same.

H. G. RUNNELS, Chairman.

J. J. CHEWNING, Secretary.

CHARLESTON, November 3.

RAIL ROAD BANK.

ARRIVAL OF SPECIE.—The *Oceola*, which arrived on Thursday last from London, brings us nearly half a million of dollars in gold and silver, imported by the directors of the Louisville, Cincinnati and Charleston Rail Road Bank. The million loan so happily effected by Gen. Hamilton in Europe, being added at this time to capital at Charleston, will give stability to all our commercial and financial operations. One half the amount being transferred by Bills of Exchange, first to New York and then to Charleston, will furnish us the means of keeping down the exchanges and thus prevent a drain upon our banks for specie. It will be seen from the above statement, how entirely unfounded are the reports prevalent in certain quarters, of large drafts having been made through the agency of Gen. Hamilton, from the northern banks, to supply our Rail Road Bank with specie. Not a dollar has been drawn for any such purpose. We have been at the expense and trouble of providing ourselves with the requisite amount of specie from Europe.

HUNTSVILLE BANK.

The Huntsville (Alabama) Democrat of the 17th November says:—We are authorized to state that General Lowe, the president of the Branch Bank in this place, has succeeded in selling, in New York, half a million dollars of the state bonds, to be redeemed in four and six years. We are also informed that an abundant supply of specie is ordered, and that the Huntsville Branch will certainly resume specie payments on the first Monday in January next; on which day the banks in Mobile will also resume, instead of the first of December as mentioned in our last. Just

as our paper is going to press, we are informed that the Branch Bank in this place has commenced checking upon the east at two per cent. premium, but would receive no other notes but those of the Branch in payment."

ANOTHER BANK IN NEW YORK.—Mr. Dalsfield, the Hon. James Emott, Hon. James Tallmadge, and other associates, have filed a certificate with the county clerk and secretary of state, establishing a bank with a cash capital of one million of dollars. The institution is to be styled the "New York Banking Company," and will go into operation in this city as soon as the bills and other necessary detail can be prepared.

We understand that the Commissioners of the District of Southward are redeeming their small certificates of loan by issuing script, or certificates of loan of one hundred dollars and upward, bearing interest at the rate of six per cent. per annum, payable half yearly, and not redeemable until January, 1849. This is a profitable and perfectly safe investment, and we are requested to invite the attention of the holders of the small certificates to the fact.—*Inquirer of Oct. 20.*

FINANCES OF PENNSYLVANIA.

Revenue of the Commonwealth for 1838.

Summary statement of the receipts at the State Treasury, commencing on the first day of November, 1837, and ending on the thirty-first day of October, 1838, viz:

Lands, and land-office fees,	\$61,765 57
Auction commissions,	11,400 00
Auction duties,	77,391 95
Dividends on bank stock,	158,230 00
Dividends on turnpike stock,	8,905 83
Dividends on bridge and navigation stocks,	34,483 25
Tax on bank dividends,	113,826 89
Tavern licenses,	50,311 32
Retailers' licenses,	76,525 61
Hawkers' and pedlars' licenses,	5,303 71
Tin and clock pedlars' licenses,	397 50
Collateral inheritance tax,	22,295 70
Pamphlet laws,	593 35
Increase of county rates and levies,	9,216 33
Tax on personal property,	380 40
State Maps,	9 50
Canal and railroad tolls,	959,336 32
Premium on bank charters,	227,053 53
Loans,	775,000 00
Interest on deposits,	137,668 86
Tax on writs, &c.,	22,108 55
Tax on certain offices,	8,212 89
Militia and exempt fees,	268 58
Escheats,	1,231 48
Tax on loan companies,	3,564 29
Fees of the secretary of state's office,	592 65
Fees of the auditor general's office,	106 28
Dickinson college lands,	315 33
Miscellaneous,	1,871 65
Total,	\$2,769,087 29
Balance in the treasury on 1st of November, 1837,	2,220,135 74
	\$4,989,223 03

Expenditures of the Commonwealth for 1838.

Summary statement of the expenditures at the State Treasury, commencing on the first day of November, 1837, and ending on the 31st day of October, 1838, viz:

Commissioners of the Internal Improvement Fund,	\$3,153,125 79
Expenses of government,	295,694 01
Turnpikes,	119,161 42
State roads,	100,050 00
Bridges,	62,950 00
Railroad, canal companies, &c.,	289,156 18
Militia expenses,	30,664 24
Pensions and gratuities,	47,091 53
Education,	414,828 10
Interest on loans,	99,000 00
Eastern Penitentiary,	34,268 00
Western Penitentiary,	6,624 00
House of Refuge,	5,000 00
Conveying convicts,	1,496 84
Conveying fugitives,	1,264 41
Convention to amend the Constitution,	157,622 69
Geological survey,	12,000 00
State library,	3,460 00
Defence of the state,	30 00
W. Mitchell Scrip.,	18,263 09
Miscellaneous,	42,913 23

\$4,889,863 73

Balance in the treasury, 1st November, 1838.

99,359 30

\$4,989,223 03

Note.—In the above payments at the treasury, the cost of repairing the canal in Huntingdon county, (which is now ready for navigation,) is not included, as the money was procured on an extraordinary application to the United States Bank, in preference to conveying the legislature, and was directly drawn by the canal board.

SOUTHERN COMMERCIAL CONVENTION.

This convention, which has been sitting at Augusta, (Ga.) adjourned on the 17th October till the 3d Monday in April. It is then to meet in Charleston. On the last day of the session, the following resolutions were unanimously adopted:—

1. *Resolved*, That the members of this convention will use their best exertions in their respective states, to form trading associations in order to carry into effect the purposes of this convention.

2. *Resolved*, That increasing the facilities of inter-communication, by railroads and canals, between the interior western and South Atlantic and Gulf of Mexico states, are among the most important measures of restoring to the commercial ports of the latter, the direct trade which has so recently departed from them.

3. *Resolved, therefore*, That while it is strongly recommended by this convention to the different states, to afford every possible aid to approved works of internal improvement, having the above objects in view, it is equally obligatory on the companies or corporations chartered for said objects, to consider their works as but parts of one great design, and so harmonize and co-operate in their operations as to produce through those great arteries and veins of the commercial body, a circulation as perfect as that which nourishes and animates the human system.

4. *Resolved*, That the banking institutions of the respective states in which they are located, cannot more surely advance their own interests, in connection with the public prosperity, than by affording succour

in their beginnings, to those great works, which, intended to develop the hidden resources of interior countries, must, in return, reciprocate to those institutions the benefits of an increasing and extended commerce.

5. *Resolved*, That the legislatures of each southern and southwestern state be recommended to enquire whether there be or not, in each state, a sufficiency of banking capital, and if found insufficient, to provide for its increase in such a manner as may be deemed safest and most conducive to the interest of southern commerce.

6. *Resolved*, That the banks of the several states be respectfully solicited to form commercial connections with like institutions or capitalists in Europe, for the purpose of furnishing facilities to a direct trade between the southern and southwestern states and that country.

SALES OF STOCK AT PHILADELPHIA.

December 3.

3 shares	North American Bank,	408	400
3 "	Girard Bank,	48½	50
23 "	Locustville Bank,	91½	100
5 "	Vicksburg Bank,	72	100
100 "	" 30 days a. o.	72½	
10 "	Schoykill Navigation,	134½	50
10 "	"	133	
16 "	Wilmington Railroad,	45½	50

SALES OF STOCK AT NEW YORK.

December 1.

150 shares	U. S. Bank,		119
860 "	Del. and Hudson Canal,	66	66½
370 "	Vicksburg Bank,	73	72½
390 "	Kentucky Bank,		85
230 "	Mohawk Railroad,	59	58½
645 "	Harlem Railroad,	42	42½
5 "	Boston & Providence R.R.,		103½
375 "	N. J. Railroad & T. Co.	100½	100½
65 "	Stoughton R. R.	26	27
55 "	Utica Railroad,		118
85 "	Patterson Railroad,		50½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

December 1.

Bills on London, 60 days sight,	10 @ 10½ p. cent. prem.
" France,	5 15 @ 17½ fr. p. doll.
" Holland,	40½ @ 40½ cts. p. guilder.
" Hamburgh,	36 @ 36½ cts. p. mc. ba.
" Bremen,	80 @ 80½ cts. p. rix doll.
" Boston, at sight,	par @ ½ discount.
" Philadelphia,	par @ ½ do.
" Baltimore,	4 @ ½ do.
" Richmond,	1 @ ½ do.
" N. Carolina,	2 @ — do.
" Charleston,	½ @ 1 do.
" Savannah,	2 @ 2½ do.
" Augusta,	2 @ 2½ do.
" Mobile,	3½ @ 4½ do.
" New Orleans,	1½ @ 1½ do.
" Louisville,	2 @ 2½ do.
" Nashville,	5 @ 6 do.
" Natchez,	8 @ 7 do.
" St. Louis,	2½ @ 3½ do.
" Cincinnati,	1½ @ 2½ do.

Bills on Michigan,	"	10 @ 12 discount.
" Detroit,	"	4 @ 5 do.
American gold,	7	premium.
do. new coinage,	par @ ½	do.
Spanish dollars,	4½ @ 5	do.
Carnias do.	6 @ 7	do.
Mexican dollars,	1 @ 1½	do.
Half dollars,	par @ ½	
Five-franc pieces,	34½ @ 35	cents each.
Doublons,	\$16 65 @ \$16 75	do.
do. patriot,	15 65 @ 15 75	do.
Sovereigns,		\$4 85 each.

WEDNESDAY, DECEMBER 5, 1928.

THE MONEY MARKET in Philadelphia has become gradually tighter, and the pressure is now felt not only amongst the dealers in stocks but amongst the merchants. Past notes of one of our city banks in the best credit, have been sold, we understand, at the rate of 12 per cent. per annum discount, whilst it will be seen from our quotations that stocks have all fallen. This state of things, which, it is thought, has not yet reached its height, has resulted from a combination of causes, of which the following may be enumerated:—

First. The neglect of the banks before the resumption to reduce the amount of their loans to an extent equal to the exchequer which occasioned the depreciation of the currency, by which the proper check would have been given in time to importations and fresh speculations.

Secondly. The lowness of the western waters up to the middle of November, which has prevented the forwarding of the crops of cotton and other products to market, as early as usual, and deprived us thus far of a supply of southern bills to export instead of specie.

Thirdly. The demand upon the northern banks, for specie, by those of the south and southwest, now preparing for resumption, occasioned by the loans they have obtained in Philadelphia and New York, from banks and individuals, on past notes or otherwise, and by the sale of state stocks.

Fourthly. A deficient crop of bread stuffs in some of the states, which is equivalent *pro tanto* to a loss of property, and prevents the farmer from discharging punctually his debts to the country merchant, and the latter from paying his to the city merchant.

Fifthly. An unusual destruction of property on the ocean; which must needs show itself in the diminished means of individuals, or bring insurance companies into the money market, to raise funds by the sale of their investments or by demanding payment of those who have borrowed their capital upon the hypothecation of securities.

TERMS.

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The first volume, and the previous numbers of the present volume can be supplied.

After the conclusion of the present volume, 8th December, the work will be discontinued.

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contract, not for denominations of sounds, but for the intrinsic value."—*Locke on Money.*

VOL. II.

WEDNESDAY, DECEMBER 19, 1838.

No. 24.

MR. GRUNDY'S REPORT ON THE NOTES OF THE BANK OF THE UNITED STATES.

In Senate of the United States, February, 12, 1838.

MR. GRUNDY, from the Committee on the Judiciary, made the following report:

The Committee on the Judiciary, to whom was referred that part of the President's Message which relates to the issuing and re-issuing of the notes of the late Bank of the United States, by the bank recently chartered by the State of Pennsylvania, by and under the same name, have had the same under consideration, and present the following report:

By the act of congress chartering the Bank of the United States, passed on the 10th of April, 1816, that institution was invested with all the usual privileges of banking corporations; and was especially authorised to issue its bills and notes, not less in amount than five dollars, in the ordinary form of bank notes, signed by its president and cashier. These bills and notes, when payable on demand, were made receivable in all payments to the United States. For the security of these and its other legal obligations, the capital stock was created, amounting to thirty-five millions of dollars. Twenty-eight millions of this were to be raised and paid by individuals, companies, or corporations. The remaining seven millions were paid in by the United States. The affairs of the corporation were to be managed by twenty-five directors, five of whom were to be appointed by the President of the United States. A committee of congress was authorised to examine into the transactions of the bank; and legal proceedings were to be instituted by the executive, whenever any of the provisions of the charter were violated. The United States were to receive, half-yearly, a portion of the profits of the institution, corresponding to the portion of the capital they subscribed.

It will thus be seen that, during the existence of the bank, and during the period when its bills and notes were issued under the charter, the United States were deriving a profit from its transactions; that their funds were pledged for the security of those who received and held its notes; and that they were invested (at least so far as the words of the law went) with some control over its management.

By the same law, all the banking powers of the corporation were limited to the 3d of March, 1836, after which day they entirely ceased, although it was authorised for two years subsequent thereto to use its corporate capacity "for the purpose of suits for the final settlement and liquidation of the affairs and accounts of the corporation, and for the sale and disposition of its estate; but not for any other purpose, or in any other manner, whatsoever." The objects of this

part of the law are too plain to be misunderstood. The intention of congress was to preclude after the 3d March, 1836, every banking transaction—the issue of bills, the discount of notes, the lending of money; in a word, the continuance of all transactions for the profit of the stockholders. Its object was to prevent the bank from incurring, after that day, any additional liability, by which the property either of the United States or individuals invested in the corporation might be directly or indirectly bound, and to require the bank fully to settle its accounts and dispose of its property, to redeem its obligations, pay its debts, and collect its assets before the 3d of March, 1836.

It appears that, on the 18th of February, 1836, the Legislature of Pennsylvania, by an act entitled "An act to repeal the state tax on real estate and personal property, and to continue and extend the improvements of the state by railroads and canals, and to charter a state bank, to be called the United States Bank," incorporated the existing stockholders of the Bank of the United States, (excepting the United States and the Treasurer of the United States) and such other persons as might become stockholders, according to the provisions of that act of the legislature; previously requiring the same, however, to be accepted by the actual stockholders at a general meeting. On the 19th of February, 1836, a general meeting of these stockholders was held, without, however, any assent, representation, or authority on the part of the United States. At that meeting, resolutions were passed, accepting the charter from the Legislature of Pennsylvania, and directing the president of the bank to make that acceptance known to the governor of the state. At the same meeting, the stockholders thus assembled, directed the president and directors of the bank chartered by congress "to pay, transfer, and deliver to this new institution, all and singular the shares, parts, purparts, interest, and property whatsoever of the stockholders, so incorporated by the State of Pennsylvania, of and in the goods, chattels, moneys, effects, and estate, real and personal of the present Bank of the United States." Of this measure, no notice was given to the Government of the United States: no application was made to, or authority sought from congress, although it was notorious that a portion of the effects of the bank, in addition to the sum of seven millions of dollars, belonged exclusively to them; that they were entitled to one-seventh part of the effects to be collected and divided; and that they were liable, in the same proportion, for the proper settlement of the affairs and discharge of the obligations, which were thus summarily taken out of their hands, and placed beyond their control. Though, in words, the direction of these assembled stockholders to their president and directors was to transfer their own shares and parts of the effects, yet, as those effects had never been divided, as no proposition for their division had ever been made, as they consisted of the great and complicated mass of property belonging to such an institution, and, in the nature of

things, incapable, without extreme difficulty, of division, it was in fact a sudden and summary transfer of the whole property and effects belonging to the people of the United States, and invested by them in that institution, under carefully devised guards and stipulations, to a state corporation, suddenly created, in whose transactions they had no participation.

As if to remove all doubt of this being the nature and intention of the transfer, the president and directors of the bank chartered by congress proceeded, on the 2d of March, 1836, the very day before the charter expired, solemnly to resolve, that "all and singular the money, goods, chattels, rights, credits, and personal estate whatsoever owned by, or belonging to, or in the custody of this bank, *wherever the same may be, together with all evidences and securities for the same, be, and the same hereby are, assigned, transferred, and conveyed to the president, directors and company of the Bank of the United States incorporated by the State of Pennsylvania,*" and they created that institution their trustee, to conduct and wind up the business of the bank.

Thus, in direct violation of the spirit, if not the letter, of the act of congress, which imposed upon the bank chartered by itself the duty of "settling and liquidating the affairs and accounts of the corporation," which had given it two years expressly for that purpose, and which had retained for congress the power of examining, by its committee, the correctness of its proceedings, and controlling it, if necessary, by a summary judicial process; in violation of this provision, and in manifest infringement of the rights of the people of the United States, whose property was invested in the institution to a large amount, a portion of the stockholders, excluding the United States, giving them no notice, asking no authority from congress, suddenly assuming with a high hand the management of the whole affair, undertake the solemn farce of passing resolutions to create themselves (incorporated it is true, by another law, though not under another name) their own trustees; and, having so done, they take possession of ALL the property, and assume the settlement of all the affairs of the institution, relieved, as they suppose, from every responsibility and control to which congress meant the bank should be subject in winding up its business.

On the 4th of March, 1836, when, in contemplation of the act of congress, the Bank of the United States should have been commencing the settlement of its affairs, including the large interest of the government, we find a portion of its stockholders who have cast off the rest, seizing and keeping possession of every particle of the joint property, and assuming the right to manage it, free from the obligations of the charter under which that property was collected, and from the control of those by whom that charter was granted and to whose constituents a very large portion of that property belongs.

It does not appear that, at the time of this transfer, by a portion of the stockholders, of the whole property of the bank to themselves, any inventory or statement of the effects and estate of the institution was made; and no steps whatever were taken for the regular "settlement and liquidation of the affairs and accounts of the corporation," as the charter positively required. The whole business was mixed up with that of the new institution. Although the secretary of the treasury was desirous and endeavoured to obtain a payment or dividend of the property proportionate to the shares belonging to the United States, he was unable to do so. Resort was, of necessity, had to an estimate of the value of the shares, founded on an examination of the general accounts of the old institution. There is, per-

haps, no reason to doubt, on the whole, the correctness of this valuation; but it must be admitted that such was not "the settlement and liquidation of the affairs and accounts of the corporation," stipulated for by congress at the time it granted the charter, and which was frustrated by the summary and unauthorized conduct of the individual stockholders, in transferring to themselves all the property of the bank just before the charter expired; and from the time of such transfer, neither keeping its accounts or winding up any of its concerns.

Soon after the estimated valuation of the stock of the bank, thus made, the state institution and trustee came forward, and voluntarily offered to pay the same, by equal instalments, in September 1837, 1838, 1839, and 1840, with six per cent. interest from the time the charter expired. This offer the secretary of the treasury was directed, by a joint resolution of congress, passed on the 3d March, 1837, to accept, taking obligations for its fulfilment; the first of which, it is understood, has been redeemed, and the amount paid into the treasury.

Thus virtually terminated the affairs of the late Bank of the United States; in a manner very different from that settlement and liquidation which were a part of the obligations of its charter; in a manner very different from that in which the business of a great national institution should have been finally closed. It is true, the individual stockholders have become possessed, by a general sweep, of all the property of the bank; and the United States have exchanged their shares of stock and their claim to dividends for a liquidated sum, secured by the bonds of another corporation. But have these operations relieved either party from their obligations to the community? have they given to those possessed of the property a right to use it, in manifest contradiction to the charter by which it was created? have they given sanction, direct or indirect, to an employment of the corporate privilege and the corporate property, long after the charter has expired, for purposes not only unnecessary to the settlement of its affairs, but calculated to postpone and retard such a settlement? have they absolved congress from the duty solemnly imposed upon it, of "examining the proceedings" done under colour of that charter? will they justify it in taking no measure to redeem and cancel the obligations of an institution it created? above all, do they furnish it with an excuse for suffering the name, credit, and apparent authority of the United States, to give value to obligations in which they have no longer an interest?

Of all the powers and privileges of banking institutions, that which most widely affects the whole community is the issue of bank notes; the authority by which they are issued, the purposes for which they may be used, the mode in which their ultimate solvency and payment are guaranteed, constitute their character and give them a greater or less circulation. The notes of the late Bank of the United States were issued under the authority of congress. They were made receivable from one end of the continent to the other, as equivalent to gold and silver, in the payment of the revenue. The whole community took them with confidence, because a large portion of the capital pledged for their redemption belonged to the United States; because the issue of them was limited to the duration of the charter; and because the conduct of those who issued and circulated them was placed immediately under the supervision of congress. From these causes, the notes of the late Bank of the United States derived their extensive credit among the people; and this credit, thus derived, imposes upon congress the corresponding obligation, to take care that no act of omission of

theirs shall mislead the community, when these causes of peculiar credit to these notes have ceased to exist.

On the 3d of March, 1836, when the charter of the bank terminated, the bank notes which it had issued amounted to thirty-four millions four hundred and thirty-four thousand two hundred and seventy dollars and sixteen cents. Of these it had on hand thirteen millions three hundred and twenty-four thousand nine hundred and seventeen dollars and ninety-three cents. These notes, thus on hand at the expiration of the charter, it was the obvious duty of the bank immediately to cancel; they were obligations originally issued under a charter which had expired; they had been returned into the bank; they formed no part of its property to be collected or divided. Yet on the 2d of April following, the state institution, in its first report to the Legislature of Pennsylvania, declared the amount of its notes issued to be thirty-six millions six hundred and twenty thousand four hundred and twenty dollars and sixteen cents; of which it had then on hand, notes of the Bank of the United States to the amount of sixteen millions seven hundred and ninety-four thousand seven hundred and thirteen dollars and seventy-one cents; thus showing that the directors of the bank chartered by congress, in transferring "all their money, goods, and chattels" to their trustee, had delivered up the bank notes which ought to have been cancelled, and which were entirely unnecessary for winding up the concerns of the bank, or performing any of the trust duties undertaken by that trustee. The practice thus adopted, of keeping instead of cancelling the notes issued under the authority of the charter from congress, after that charter had expired, was not confined to those thus improperly delivered by a part of the stockholders to themselves, under the name of a trustee. Nearly two years have since elapsed, and yet in the statement made by the bank to the Legislature of Pennsylvania, on the 5th of January, 1838, is this item, "NOTES ISSUED OF THE LATE BANK AND BRANCHES ON HAND, \$15,900,517.73." Thus when the two years in which the affairs of the bank were to have been settled are nearly expired, when the control (such as it is) that congress may yet possess is almost at an end, about sixteen millions of dollars, in bank notes which bear the name of the United States, and were actually made under the authority of congress, which, if put in circulation, will be naturally and reasonably considered by those who take them as guaranteed by congress, are now in the exclusive possession of a banking institution which has the power to use them when and for what purpose it pleases.

Even if it could be said that these bank notes would not be used for purposes of circulation and currency; even if it were certain that these evidences of the liability of the United States would not be put forth after that liability was at an end; even if the trustee who has obtained possession of them had evinced a determination to cancel them, as the redeemed obligations of a concern which ought to be wound up without delay, still, it is a duty imposed upon congress, who originally authorized their issue, to see that this is done; to enforce, by law, and not to leave to the discretion or honesty of any individual or corporation, that which the whole American people have a right to look for at their hands.

But is not that duty absolutely forced upon them, when those who have thus obtained possession of these uncanceled notes of an extinct corporation actually use them for purposes of circulation, and, in defiance of the charter, boldly issue them as a lawful currency and for their own individual profit? Yet not only is this the case. They claim the legitimate right so to use

and issue them. The trustee who receives and accepts the property of the late bank, under the pledge to redeem its notes, debts, and obligations, unequivocally asserts the right, not merely to refuse to cancel the notes for the redemption of which funds have been conveyed, but actually to pay out these notes as other banks might do who received them in the ordinary transactions of trade. "The Bank of the United States chartered by the State of Pennsylvania, has," in the deliberate language of its own directors, "done as other banks have done—paid out the notes of the Bank of the United States;" as if there was the slightest similarity between a bank which receives, by a general transfer, sixteen millions of dollars in bank notes that had been regularly issued and returned to the institution by which they were made, and those banks which receive the notes of one another in the ordinary course of commercial dealing, and pay them out in the same mode: as if there was the least resemblance between the reissue of bank notes by a trustee who had undertaken to redeem those notes, and had received a large and sufficient amount of funds for that object, and the bona fide payment of them by a bank, for the purpose of collecting their amount, and without any interest in them whatever, except as a common medium of exchange. Between such proceedings there is no similarity, nor can the one afford any justification to the other. But is not the course pursued by this institution, which has received these notes for the purpose of redeeming them, and now boldly reissues them, in all respects identical with that of a partner who, having funds of an expired partnership in his hands, for the purpose of settlement, should use and reissue, in violation of all faith, the notes or obligations of his co-sleeping partner? Is it not similar to that of an executor, who voluntarily assumes the duty of winding up the estate of a deceased testator, and yet seizes upon the property confided to him in that trust, and applies it to his personal benefit, and puts into circulation, by himself and his agents, uncanceled notes found among the papers of the testator, which had been fully paid off and discharged?

Previously to the 1st of July, 1837, the monthly statements furnished to, and published by, the auditor general of Pennsylvania, did not distinguish between the business of the state bank and that of its trustee; between the notes of the late and present bank, issued or in circulation. The information that should thus have been furnished cannot, therefore, be obtained for the long interval between the 3d of March, 1836, and the 1st of July, 1837. On the 1st of July, 1837, however, the notes of the late bank, in circulation, were only \$7,013,909.43, while on the 1st of August, 1837, they amounted to \$7,170,658.36; an excess of issue of the old notes over all that were paid in of upwards of \$150,000 in a single month. Again, on the 3d of October, 1837, the notes of the late bank in circulation are stated at \$6,175,861.05, but on the 1st of November following, at \$6,522,839.40; which would show a re-issue of notes that ought to have been cancelled, amounting to upwards of \$340,000 in less than a month.

Thus it appears, that although congress expressly enacted, in granting the charter, that the banking privileges of the Bank of the United States should expire on the 3d of March, 1836, yet the most important of those privileges, so far as the community is concerned—the issue of bank notes, made under the provisions of the charter—has continued for twenty months after that period, and probably still continues; that although two years were allowed after the expiration of the charter, "for the final settlement and liquidation of the affairs and accounts of the corporation, and for the sale

and disposition of its estate, but not for any other purpose," yet now, when the two years are nearly at an end, there are in existence, and ready to be re-issued, when desired, about \$16,000,000 in bank notes, the cancelling of which was one of the first and principal duties of those who were "to settle and liquidate its affairs." No provision was made in the charter for such a state of things. It is, therefore, proper that congress should at once provide for it by appropriate legislation. Such is its duty, if the principles of the charter which it granted are to be fulfilled. It is no infringement of any privilege actually conferred on any individual or corporation, or intended to be by that charter; and it will at once put an end to the erroneous impression which a want of it will naturally establish, that the faith or the property of the United States continues to be pledged for the security of the bank notes bearing the name of the United States, and originally issued under that pledge. It is due to consistency that the terms and meaning of the charter should be guarded and preserved; it is due to good faith that, when the property of the United States is withdrawn, by the sale of the stock, from liability for the redemption of the notes, they should not stand by and permit them to be issued and circulated among the community, exactly as they were when that property formed a part of the capital by which they were secured; it is due to their legislative functions that the right which they retained, of examining into the proceedings of the bank, and thus virtually promising the community the exercise of a supervisory power, should not, at a moment when it is most needed for the public welfare, be neglected or relinquished, even though their own direct interest has ceased by the bargain they have made.

Nor is it with reference alone to the late or present Bank of the United States that such legislation is necessary. The course adopted by those institutions may be pursued by every other banking institution chartered by congress. The notes issued in the District of Columbia, under the authority of charters from the United States, may, without greater impropriety, be re-issued and circulated after those charters have expired, either by the banks themselves, or by trustees to whom they may transfer them the day before their corporative privileges terminate. That some law should be passed to prevent and obviate such a proceeding, cannot admit of question.

In passing such a law, it is the duty of congress carefully to avoid any provision which should affect the citizen who holds or receives these notes in the ordinary course of trade, or who passes or transfers them in good faith from hand to hand. It is only those who hold or receive them with the means and for the purpose of redeeming them; who pass and circulate them when they know that they have come into their hands for such a purpose and under such obligations; and who neglect or refuse to cancel them, when they are bound to do so by the intention of the charter under which they were originally made.

Considering this subject, therefore, with reference to those relations of the United States towards the late national bank and to the community which are derived from the charter of that institution, a prompt and efficient interference of congress is unquestionably demanded. They have derived large profits from the circulation of these notes, for the redemption of which their share of the capital was pledged; and they have now withdrawn that share of the capital from its former liability; they prescribe by the charter that all banking privileges, among which was that of issuing these notes, should terminate at a certain period, and that period is

now passed; they reserved to themselves the right, and thus imposed on themselves the duty of examining that the stipulations of the charter were fulfilled, and to do this the enactment of such a law is now absolutely required.

But there are other considerations bearing directly on the present situation of the commerce and business of the country, and on the respect due from congress to the laws and policy of the individual states, which ought not to be overlooked. It is a fact that the present Bank of the United States is in actual possession, having them within its own vaults, and under its control, of a fund of bank notes to the amount of about twenty millions of dollars over and above those in circulation, issued, to a certain extent, on the faith of the United States, and bearing a corresponding credit. There appears, at least in many portions of the country, a strong disposition on the part of the banks to resume specie payments; but the uncontrolled possession of this vast amount of paper money will enable the present Bank of the United States, if so disposed, to retard, perhaps to prevent them from effecting that laudable and desirable object. It holds in its hand, under the apparent sanction of congress, an immense fund, which it can transport to any part of the country at its pleasure, and purchase the notes of the state banks, to be returned upon them *en masse*, at the very instant they shall endeavour to resume. What is there to prevent this institution from sending to New Orleans one or two millions of these notes, placing them in the possession of any local bank or its agents, and exchanging them for the notes of banks preparing to resume, so that they may be used to embarrass and retard their efforts as soon as they are commenced? It cannot be said that this is a proceeding arising from the large capital of the present Bank of the United States, and which is not consequent upon the issue of its old and uncanceled notes. It is the possession of those notes which exempts it from danger in the adoption of such a course. Independent of the additional credit attached to them from being made under a national charter, they are now circulated without the responsibility that attends those issued under the charter of the state; and it is to this cause that may be attributed the remarkable fact, disclosed in the statement of the bank on the 5th January last, that while they had on hand fifteen millions eight hundred thousand five hundred and seventeen dollars and seventy-three cents of the old notes, one million four hundred and three thousand and ninety-two dollars at their state bank agencies, and two millions seven hundred and thirty-three thousand nine hundred and ninety dollars in transit, making altogether no less a sum in their actual possession and under their control than nineteen millions nine hundred and thirty-seven thousand five hundred and ninety-nine dollars and seventy-three cents of these old notes; when they had, also, in circulation among the community, the further sum of six millions two hundred and twenty thousand four hundred and sixty-seven dollars and seventeen cents of these same old notes; being an aggregate of the notes of the expired corporation, of twenty-six millions one hundred and fifty-eight thousand and sixty-six dollars and ninety cents; yet, at the same time, the whole outstanding circulation of their own notes, (exclusive of post notes,) only amounted to five hundred and forty-seven thousand six hundred dollars and forty-five cents, or about the fortieth part of the old notes in their hands and in circulation.

On every note issued under the present state charter of Pennsylvania, the holder has by the state law a summary proceeding, if it is not redeemed on demand; more than this, the bank is bound, in case of refusal, to pay the high interest of 12 per cent.; and if such

refusal be continued beyond a stated period, there is a provision for the speedy forfeiture of its charter.

But how is it with these notes of the late bank, of which it has obtained possession? To them none of these penalties of the law of Pennsylvania will apply; it has received them, and promises to redeem them as a mere trustee; and, in case of refusal, the holder, it is presumed, is to be driven to the tedious process of a suit in chancery, or some other form of protracted legal proceeding, to obtain that payment which he could enforce if the note had been issued by a state bank, in the most rapid and compulsory mode. Thus it is, that so long as congress permits this institution to keep and issue these notes, it gives it the power of circulating a paper currency, free from the restrictions and safe guards which the state that chartered it meant to impose; it enables it to control the efforts of other banks for the resumption of specie payments; and leaves the citizen who takes or circulates these notes without any speedy protection and redress.

But again: this voluntary trustee of the national bank received its new charter from the State of Pennsylvania, on the expressed condition that it should issue no bank note of a less denomination than ten dollars. It is presumed to be part of the policy of that wise state, that the circulation of so large an institution should be so limited. The neglect of congress has defeated this salutary policy; it has given to the trustee the means and power of doing that which the State of Pennsylvania intended should not be done; five dollar notes are largely issued by the Bank of the United States chartered by Pennsylvania, though the legislature of that state declared they should not be. Congress cannot be justified in permitting this. It is due to the State of Pennsylvania that they should respect her laws; that they should not, by any omission on their part, permit a power derived from them to be so exercised as to thwart her designs. While it is the solemn and evident duty of congress not to interfere with the institutions of the states, but to leave them to pursue the policy of the legislatures by which they were created, and to answer to those authorities for every violation, it is not less its duty to prevent that from being done indirectly, either by its permission or its neglect, which virtually infringes the law and policy of the states. Rightfully may the State of Pennsylvania complain, if, after strictly prohibiting the issue of notes of a denomination less than ten dollars, by this institution, the sanction or the neglect of congress should enable it to issue and circulate millions of five dollar notes.

The following bill is, therefore, respectfully reported to the senate:—

A BILL to prevent the issuing and circulation of the bills, notes, and other securities of corporations created by acts of congress which have expired.

Be it enacted by the senate and house of representatives of the United States of America in congress assembled, That in all cases where the charter of any corporation which has been or may be created by act of congress of the United States shall have expired, or may hereafter expire, if any director, officer, or agent, of the said corporation, or any trustee thereof, or any agent or officer of such trustee, or any person having in his possession, or under his control, the property of the said corporation, for the purpose of paying or redeeming its notes and obligations, shall knowingly issue, re-issue, or utter as money, or in any other way knowingly put in circulation any bill, note, check, draft, or other security, purporting to have been made by any such corporation, whose charter has expired, or by any officer thereof, or purporting to have been made under

authority derived therefrom, or if any person or persons shall knowingly aid and assist in any such act, every person so offending shall be deemed guilty of a high misdemeanor, and on conviction thereof, shall be punished by a fine not exceeding ten thousand dollars, or by imprisonment and confinement to hard labour not exceeding ten years, or by both such fine and imprisonment.

SEC. 2. *And be it further enacted,* That in all cases in which any corporation has been or may be created by acts of congress of the United States, or in which the United States shall have been interested as a stockholder, the term of which corporation has expired, and in which any bills, notes, checks, drafts, or other securities, made under authority derived, or alleged to have been derived, from such act, shall be in the possession or under the control of any director, officer, or agent of the said expired corporation, or any trustee thereof, or any agent, or officer of such trustee, or any person having in his possession or under his control the property of the said corporation, for the purpose of paying or redeeming its notes and obligations, the several circuit courts of the United States shall have jurisdiction on the bill or petition of the United States to grant injunctions to prevent the issuing, re-issuing, or transfer of any such bills, notes, checks, drafts, or other securities; and also to cause such of the said bills, notes, checks, drafts, or other securities, as have been received, to be delivered up and cancelled; and the said several courts shall have power to make all necessary decrees and orders for the purpose of carrying into effect the jurisdiction hereby conferred, and to execute the same by due process of law.

BILLS OF THE OLD UNITED STATES BANK.

TWENTY-FIFTH CONGRESS.

In Senate, Tuesday, April 17, 1836.

The bill in relation to the notes of the United States Bank came up as the special order of the day. No senator manifesting any desire to speak upon the bill, Mr. Grundy said perhaps it would be as well to delay its consideration for a few days. Mr. Clay of Kentucky, apprehended that no one was desirous to speak, but he thought they were ready to vote upon the bill. Mr. King said the bill was one of much importance, and he thought it ought to lie over for a day or two. Mr. Clay answered, certainly if the friends of such a bill desired it. Mr. Clay said that he was very desirous to have the vote taken. He wished to see who were ready to assert the power claimed by the bill before the senate.

Amidst cries for the vote upon the bill, Mr. Linn, who had called for the question, said he would not press the vote now if the senator from Alabama wished to speak upon the bill. Mr. King had no intention of speaking upon the bill, and if the senate pressed its consideration now, he should vote against it. He was not satisfied of its constitutionality.

Mr. Strange of North Carolina, agreed that the complaint of the chairman of the committee of the judiciary (Mr. Grundy) about the issue and circulation of the old United States Bank notes was a grievous one, and a very great abuse. Mr. Strange said he doubted the power of congress to pass the bill, and he should therefore vote against it.

Mr. Smith of Connecticut, had not studied the bill, and did not know how to vote. He wished it postponed until to-morrow. Mr. Niles was also in favour of postponement, and after the yeas and nays had been ordered, on motion of Mr. Clay, upon the third reading of the bill, the bill was postponed till to-morrow. Mr. Well, however, first expressed his opinion that it was

constitutional and he should vote for its passage. The bill will come up to-morrow at one o'clock, and probably be voted upon without much debate.

Washington, April 23, 1838.

After some unimportant business the anti-bank bill came up, when Mr. Clay said, we have nothing to do with the bank of Pennsylvania called the United States Bank. We have to deplore that we have not a United States Bank. A lack of such an institution has surrounded the country with embarrassments, with misfortunes, upon every side and upon every subject.

As for Nicholas Biddle, said Mr. Clay, his merchandise, his non-resumption, his cotton bags, &c. we have nothing to do with them—we want nothing to do with them, so far as I know the opinions of my friends and my own mind. What is he to us, or we to him, that he or his bank should be continually dragged before the senate? I had hoped, said Mr. Clay, that an attempt to aid resumption, which was made in the other house would have been better treated there by the friends of the administration than it was treated. That resolution voted down by the friends of the administration showed that they were opposed to resumption.

I think, said Mr. Clay, the bill before the senate unnecessary. Among the irredeemable paper currency now afloat through the country, there was none so good as this,—none preferred to this,—it was good from one end of the Union to the other.

In the very town of the honourable senator from Tennessee, (Mr. Grundy) who had most strongly advocated the bill, the notes of this bank were commanding a premium of nineteen and eighteen per cent.—precisely the same premium demanded in the Nashville market for specie itself. Throughout the south and southwest it bears a great premium.

Mr. Clay said there was no occasion for legislation at this moment. Now was the time for encouragement—the time for kindness—for conciliation—not for legislation or exaction and punishment. No senator doubted but that the notes of the old bank would be redeemed, and speedily redeemed. There was no senator who did not prefer the notes of this bank to the notes of any other institution.

I do think, said Mr. Clay, the bill involves the most enormous stretch of power I ever witnessed, or that ever has been attempted. Mr. Clay here gave his opinions upon the constitutional question.

Following this part of the subject, he said the bill contained the most odious and infamous power which could be conceived of. No federal party, or any portion of the federal party, had ever contended for such power. As for Mr. Biddle, said Mr. Clay, addressing Mr. Buchanan, "hang him if you please." He belongs to Pennsylvania. We have nothing to do with Nick Biddle or Nick Biddle's bank. Pennsylvania made it, and Pennsylvania was responsible for it; and if, said Mr. Clay, the senator from Pennsylvania thinks proper to stand up here and abuse him, he should not quarrel with him for that. He thought, however, it would appear better if Mr. Buchanan would stand forward in defence of his own constituents. Speaking of the sub-treasury bill and one of Mr. Buchanan's prophecies, Mr. Clay said, when I can see that experiment buried, as I hope in God it will be, in the bowels of the earth, then I will have some confidence in his prophecies—not till then.

Mr. Buchanan made a brief rejoinder to Mr. Clay, after which Mr. Morris demanded the yeas and nays. Being ordered, they were as follows:—

Yeas—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Cuthbert, Fulton, Grundy, Hubbard, Lian, Lumpkin, Lyon, Morris, Niles, Nor-

vell, Pierce, Rives, Roane, Robinson, Ruggles, Smith of Conn., Tipton, Trotter, Williams, Wright, Young—27.

Nays—Messrs. Clay of Kentucky, Clayton, Crittenden, Davis, King, Merrick, Nicholas, Prentiss, Preston, Smith of Indiana, Spence, Swift, White—13.

HOUSE OF REPRESENTATIVES.

The following are the yeas and nays in the house on the engrossment of the bill from the senate to prohibit the re-issue of the old United States Bank.

Yeas—Messrs. Anderson, Andrews, Atherton, Banks, Beatty, Beirne, Bicknell, Birdsall, Brodhead, Cambreleng, Casey, Chaney, Chapman, Cleveland, Colles, Connor, Cray, Cushman, Davee, DeGraff, Duncan, Edwards, Elmore, Farrington, Fry, Gallup, J. Garland, Grantland, Gray, Griffin, Haley, Hammond, Hawkins, Holt, Hopkins, Howard, Hubley, W. H. Hunter, T. B. Jackson, J. Johnson, N. Jones, J. W. Jones, Keim, Kemble, Klingensmith, Leadbetter, Lewis, Martin, McKay, R. McClellan, A. McClellan, McClure, Miller, Montgomery, Moore, Morgan, S. W. Morris, Noble, Palmer, Parker, Parmenter, Parris, Paynter, Phelps, Pratt, J. H. Prentiss, Reily, Rives, Sheffer, Spencer, Stuart, Taylor, Thomas, Titus, Towns, Turney, Vail, Vanderveer, Wagener, Webster, Weeks, T. T. Whittlesey, Jared W. Williams, Worthington, Yell—87.

Nays—Messrs. Alexander, Heman Allen, Ayer, Bell, Bond, Briggs, W. R. Campbell, Chambers, Cheatham, Corwin, Cranston, Darlington, Dawson, Davies, Dennis, Dringgoole, Dunn, Evans, Everett, Ewing, Fillmore, R. Garland, Goode, J. Graham, Grennell, Hall, Halstead, Harlan, Harper, Hawes, Henry, Herod, Hoffman, Jenifer, W. C. Johnson, Kennedy, Legare, Lincoln, J. M. Mason, S. Mason, Maury, McKennan, Menefee, Mercer, Milligan, Mitchell, Calvary Morris, Naylor, Noyes, Ogle, Patterson, Pearce, Perk, Phillips, Polts, S. S. Prentiss, Rariden, Randolph, Ridgway, Robertson, Robinson, Russell, Sergeant, Slade, Southgate, Stanly, Stratton, Taliaferro, Tillinghast, Toland, Albert S. White, Eliza Whittlesey, Lewis Williams, Joseph L. Williams, C. H. Williams, Wise, Word, Yurke—79.

From the United States Gazette.

Mr. Grundy—The Old and New United States Bank.—We perceive that Mr. Grundy has brought in a bill to punish with fine and imprisonment—a fine of ten thousand dollars and imprisonment of ten years—the Bank of the United States for re-issuing the notes of the late Bank of the United States. This seems to be the latest act of servility to Mr. Van Buren, and it is a little ludicrous for these champions of state rights to propose a law declaring what a state institution, chartered by the sovereign State of Pennsylvania, shall or shall not issue.

The whole question is as simple as possible.

The old Bank of the United States, at the expiration of its charter in March, 1836, transferred all its property to the new Bank of the United States, and the new bank engaged to pay all the debts of the old bank. Among these debts were upwards of twenty millions of dollars of notes of the old bank. About fourteen millions of them have been redeemed already. There remain out still about six millions, which are in a course of payment. But since the suspension of specie payments, the new bank instead of charging these notes at once to the old bank, issues them in preference to issuing its own—simply, as we have always understood, because during the suspension of specie payments the new notes would bear an interest of twelve per cent., the old of only six—just as the New York banks do not issue more than they can avoid of their own notes.

Of the right of the bank to issue the notes of another bank, we take it for granted there can be no possible doubt. The Bank of the United States agrees to pay these notes—is bound to pay them—but if while so the trustee of the late bank it pays these notes, in its independent character of a bank in the course of its own business, it has just as good a right to issue these notes as the Bank of the Metropolis or any other bank has.

After the resumption of specie payments the bank will, we understand, of course close the account of the late bank, and cease to issue the old notes—unless congress passes any law prohibiting it. But if congress passes any law prohibiting the bank from issuing these notes, we take it for granted that the bank will continue to issue them—at least we hope so—if for no other reason, for this—because we wish to ascertain whether the congress of the United States, after passing a sub-treasury law, can proceed to break down all the state banks, by prescribing what they shall or shall not issue.

The Pennsylvania bank of the United States has settled all its claims with the government of the United States, which has no longer the slightest right or the slightest pretext for interference in its affairs. The bank is responsible to Pennsylvania, and to Pennsylvania alone, for its conduct.

To show how perfect the security for these notes is, we copy what follows from the proceedings of the two banks, as communicated by the secretary of the treasury himself to congress and published among the public documents, so that the whole matter is already known to congress.

"At a meeting of the directors of the Bank of the United States, held March 2, 1836:—

"A communication was received from Matthew L. Bevan, Esq., President of the Bank of the United States incorporated by congress, containing the resolutions adopted at a meeting of the stockholders of that institution, held on the 19th day of February last—among which resolutions was the following, to wit:

"Resolved, That all and singular the money, goods, chattels, rights, credits, and personal estate whatsoever, owned by, or belonging to, or in the custody and possession of this bank, wheresoever the same may be, together with all evidences and securities for the same, be, and the same are, hereby assigned, transferred and conveyed to the president, directors, and company of the Bank of the United States incorporated by the State of Pennsylvania, for the following considerations and upon the following terms:—That is to say,

"1. That the president, directors, and company of the Bank of the United States incorporated by the State of Pennsylvania, with and out of the same, pay, satisfy, and discharge all debts, contracts and engagements, owing, entered into, or made by this bank, as the same shall become due and payable, and fulfil and execute all trusts and obligations whatsoever arising from its transactions, or from any of them, so that every creditor, or other rightful claimant shall be fully satisfied.

"Whereupon, on motion of Mr. Sergeant, it was

"Resolved, That this bank does hereby assent and agree to the said resolutions, and to each and every part thereof, and to all and singular the trusts, terms, and conditions, in the said resolutions, and each and every of them contained, and does hereby engage and bind itself to do, perform, and execute the several duties and engagements therein stipulated to be performed, and executed—and will, when thereunto required, make and execute any other assurance that may be deemed necessary."

From the New York Journal of Commerce, of April 18.

We do not understand how these proceedings make any one responsible. The new bank agrees to pay all obligations against the old bank. It has done so; for it has redeemed these very notes. The obligations of the old bank have therefore been discharged, by the payment already made. Having provided for its notes and paid them, there is an end of its responsibility. The notes are in the condition of the notes of any dead man or dead institution, after they have been paid by executors or trustees. Suppose somebody should get possession of the old notes of Stephen Girard's Bank, which have been paid by his executors, and put them in circulation; no one will pretend that the executors of Mr. Girard would be bound to pay them. On the contrary, we reckon that whoever should be guilty of such an act, would have his conduct characterised by some short words, and be sent to prison to answer for his crime. It must be obvious to every legal man, or man of common acquaintance with business, that the obligations of the old bank have ceased, and of course the new bank is not held by virtue of its engagement to pay all claims against the old. Who then is responsible? The new bank is not, on its own account,—for these notes are not its obligations. We think, therefore, our declaration is true, that nobody is responsible for these notes. In the hands of the holders they have no more legal validity than brown paper. If an individual were to present a check at the Bank of the United States and be paid in these bills, we suppose it would not in law be counted any payment at all; but that in an action of fraud he would recover on the original debt, just as if payment had been made in counterfeit notes, or in any other valueless thing. But after the notes have passed into second hands, the holder possesses no such claim on the bank. His rights are against the individual from whom the notes were received; and this claim, be it remembered, is not a claim on the notes, but on the ground expressly that there is no claim on the notes, and that the notes are good for nothing. We have no hesitation in giving our opinion, whether it be worth much or little, that if Mr. Biddle should refuse to pay any portion of the whole six millions of those notes, now out, there is no court any where which would compel him to pay them.

PRESIDENT'S MESSAGE.

Extract from the President's Message to Congress of 4th December, 1838.

An exposition of the fiscal affairs of the Government, and of their condition for the past year, will be made to you by the Secretary of the Treasury.

The available balance in the Treasury, on the 1st of January next, is estimated at \$2,765,342. The receipts of the year, from customs and lands, will probably amount to \$20,615,598. These usual sources of revenue have been increased by an issue of Treasury notes; of which less than eight millions of dollars, including interest and principal, will be outstanding at the end of the year, and by the sale of one of the bonds of the Bank of the United States, for \$2,254,871. The aggregate of means from these and other sources, with the balance on hand on the 1st of January last, has been applied to the payment of appropriations by Congress. The whole expenditure for the year on their account, including the redemption of more than eight millions of Treasury notes, constitutes an aggregate of about forty millions of dollars, and will still leave in the Treasury the balance before stated.

Nearly eight millions of dollars of Treasury notes

are to be paid during the coming year, in addition to the ordinary appropriations for the support of Government. For both these purposes, the resources of the Treasury will undoubtedly be sufficient, if the charges upon it are not increased beyond the annual estimates. No excess, however, is likely to exist; nor can the postponed instalment of the surplus revenue be deposited with the States, nor any considerable appropriations beyond the estimates be made, without causing a deficiency in the Treasury. The great caution, advisable at all times, of limiting appropriations to the wants of the public service, is rendered necessary at present by the prospective and rapid reduction of the tariff; while the vigilant jealousy, evidently excited among the people by the occurrences of the last few years, assures us that they expect from their representatives, and will sustain them in the exercise of, the most rigid economy. Much can be effected by postponing appropriations not immediately required for the ordinary public service, or for any pressing emergency; and much by reducing the expenditures where the entire and immediate accomplishment of the objects in view is not indispensable.

When we call to mind the recent and extreme embarrassments produced by excessive issues of bank paper, aggravated by the unforeseen withdrawal of much foreign capital, and the inevitable derangement arising from the distribution of the surplus revenue among the States as required by Congress; and consider the heavy expenses incurred by the removal of Indian tribes; by the military operations in Florida; and on account of the unusually large appropriations made at the last two annual sessions of Congress, for other objects; we have striking evidence, in the present efficient state of our finances, of the abundant resources of the country to fulfil all its obligations. Nor is it less gratifying to find that the general business of the community, deeply affected as it has been, is reviving with additional vigour, chastened by the lessons of the past, and animated by the hopes of the future. By the curtailment of paper issues; by curbing the sanguine and adventurous spirit of speculation; and by the honourable application of all available means to the fulfilment of obligations, confidence has been restored both at home and abroad, and ease and facility secured to all the operations of trade.

The agency of the Government in producing these results has been as efficient as its power and means permitted. By withholding from the States the deposits of the fourth instalment, and leaving several millions at long credits with the banks, principally in one section of the country, and more immediately beneficial to it; and, at the same time, aiding the banks and commercial communities in other sections, by postponing the payment of bonds for duties to the amount of between four and five millions of dollars; by an issue of Treasury notes as a means to enable the Government to meet the consequences of their indulgences, but affording, at the same time, facilities for remittance and exchange; and by steadily declining to employ as general depositories of the public revenues, or receive the notes of all banks which refused to redeem them with specie; by these measures, aided by the favourable action of some of the banks, and by the support and cooperation of a large portion of the community, we have witnessed an early resumption of specie payments in our great commercial capital, promptly followed in almost every part of the United States. This result has been alike salutary to the true interests of agriculture, commerce, and manufactures; to public morals, respect for the laws, and that confidence between man and man which is so essential in all our social relations.

The contrast between the suspension of 1814 and

that of 1837 is most striking. The short duration of the latter; the prompt restoration of business; the evident benefits resulting from an adherence by the Government to the constitutional standard of value, instead of sanctioning the suspension by the receipt of irredeemable paper; and the advantages derived from the large amount of specie introduced into the country previous to 1837, afford a valuable illustration of the true policy of the Government in such a crisis. Nor can the comparison fail to remove the impression that a national bank is necessary in such emergencies. Not only were specie payments resumed without its aid, but exchanges have also been more rapidly restored than when it existed; thereby showing that private capital, enterprise, and prudence are fully adequate to these ends. On all these points experience seems to have confirmed the views heretofore submitted to Congress. We have been saved the mortification of seeing the distresses of the community for the third time seized on to fasten upon the country so dangerous an institution; and we may also hope that the business of individuals will hereafter be relieved from the injurious effects of a continued agitation of that disturbing subject.

The limited influence of a national bank in averting derangement in the exchanges of the country, or in compelling the resumption of specie payments, is now not less apparent than its tendency to increase inordinate speculation by sudden expansions and contractions; its disposition to create panic and embarrassment for the promotion of its own designs; its interference with politics; and its far greater power for evil than for good, either in regard to the local institutions or the operations of Government itself. What was in these respects but apprehension or opinion when a national bank was first established, now stands confirmed by humiliating experience. The scenes through which we have passed conclusively prove how little our commerce, agriculture, manufactures, or finances, require such an institution, and what dangers are attendant on its power—a power, I trust, never to be conferred by the American people upon their Government, and still less upon individuals not responsible to them for its unavoidable abuses.

My conviction of the necessity of further legislative provisions for the safe keeping and disbursement of the public moneys, and my opinion in regard to the measures best adapted to the accomplishment of those objects, have been already submitted to you. These have been strengthened by recent events; and, in the full conviction that time and experience must still further demonstrate their propriety, I feel it my duty, with respectful deference to the conflicting views of others, again to invite your attention to them.

With the exception of limited sums deposited in the few banks still employed under the act of 1836, the amounts received for duties, and, with very inconsiderable exceptions, those accruing from lands also, have, since the general suspension of specie payments by the deposit banks, been kept and disbursed by the Treasurer, under his general legal powers, subject to the superintendence of the Secretary of the Treasury. The propriety of defining more specifically, and of regulating by law, the exercise of this wide scope of Executive discretion, has been already submitted to Congress.

A change in the office of collector at one of our principal ports, has brought to light a defalcation of the gravest character, the particulars of which will be laid before you in a special report from the Secretary of the Treasury. By his report and the accompanying documents, it will be seen that the weekly returns of the defaulting officer apparently exhibited, throughout,

a faithful administration of the affairs intrusted to his management. It, however, now appears that he commenced abstracting the public moneys shortly after his appointment, and continued to do so, progressively increasing the amount, for the term of more than seven years, embracing a portion of the period during which the public moneys were deposited in the Bank of the United States, the whole of that of the State bank deposit system, and concluding only on his retirement from office, after that system had substantially failed, in consequence of the suspension of specie payments.

The way in which this defalcation was so long concealed, and the steps taken to indemnify the United States, as far as practicable, against loss, will also be presented to you. The case is one which imperatively claims the attention of Congress, and furnishes the strongest motive for the establishment of a more severe and secure system for the safe keeping and disbursement of the public moneys than any that has heretofore existed.

It seems proper, at all events, that by an early enactment, similar to that of all other countries, the application of public money by an officer of Government to private uses, should be made a felony, and visited with severe and ignominious punishment. This is already, in effect, the law in respect to the mint, and has been productive of the most salutary results. Whatever system is adopted, such an enactment would be wise as an independent measure, since much of the public moneys must, in their collection and ultimate disbursement, pass twice through the hands of public officers, in whatever manner they are intermediately kept. The Government, it must be admitted, has been from its commencement comparatively fortunate in this respect. But the appointing power cannot always be well advised in its selections, and the experience of every country has shown that public officers are not at all times proof against temptation.

It is a duty, therefore, which the Government owes, as well to the interests committed to its care as to the officers themselves, to provide every guard against transgressions of this character, that is consistent with reason and humanity. Congress cannot be too jealous of the conduct of those who are intrusted with the public money, and I shall at all times be disposed to encourage a watchful discharge of this duty. If a more direct co-operation on the part of Congress, in the supervision of the conduct of the officers intrusted with the custody and application of the public money is deemed desirable, it will give me pleasure to assist in the establishment of any judicious and constitutional plan by which that object may be accomplished. You will, in your wisdom, determine upon the propriety of adopting such a plan, and upon the measure necessary to its effectual execution.

When the late Bank of the United States was incorporated, and made the depository of the public moneys, a right was reserved to Congress to inspect, at its pleasure, by a committee of that body, the books and the proceedings of the bank. In one of the States whose banking institutions are supposed to rank amongst the first in point of stability, they are subject to constant examination by commissioners appointed for that purpose, and much of the success of its banking system is attributed to this watchful supervision. The same course has also, in view of its beneficial operation, been adopted by an adjoining State, favourably known for the care it has always bestowed upon whatever relates to its financial concerns.

I submit to your consideration whether a committee of Congress might not be profitably employed in inspecting, at such intervals as might be deemed proper, the affairs and accounts of officers intrusted with the

custody of the public moneys. The frequent performance of this duty might be made obligatory on the committee in respect to those officers who have large sums in their possession, and left discretionary in respect to others. They might report to the Executive such defalcations as were found to exist, with a view to a prompt removal from office unless the default was satisfactorily accounted for; and report, also, to Congress, at the commencement of each session, the result of their examinations and proceedings.

It does appear to me that, with a subjection of this class of public officers to the general supervision of the Executive, to examinations by a committee of Congress at periods of which they should have no previous notice, and to prosecution and punishment as for felony for every breach of trust, the safe keeping of the public moneys, under the system proposed, might be placed on a surer foundation than it has ever occupied since the establishment of the Government.

The Secretary of the Treasury will lay before you additional information containing new details on this interesting subject. To these I ask your early attention. That it should have given rise to great diversity of opinion cannot be a subject of surprise. After the collection and custody of the public moneys had been for so many years connected with, and made subsidiary to, the advancement of private interests, a return to the simple and self-denying ordinances of the constitution could not but be difficult. But time and free discussion eliciting the sentiments of the people, and aided by that conciliatory spirit which has ever characterized their course on great emergencies, were relied upon for a satisfactory settlement of the question. Already has this anticipation on one important point at least—the impropriety of diverting public money to private purposes—been fully realized.

There is no reason to suppose that legislation upon that branch of the subject would now be embarrassed by a difference of opinion, or fail to receive the cordial support of a large majority of our constituents. The connection which formerly existed between the Government and banks was in reality injurious to both, as well as to the general interests of the community at large. It aggravated the disasters of trade and the derangements of commercial intercourse, and administered new excitement and additional means to wild and reckless speculations, the disappointments of which threw the country into convulsions of panic, and all but produced violence and bloodshed.

The imprudent expansion of bank credits, which was the natural result of the command of the revenues of the State, furnished the resources for unbounded license in every species of adventure, seduced industry from its regular and salutary occupations by the hope of abundance without labour, and deranged the social state by tempting all trades and professions into the vortex of speculation on remote contingencies.

The same wide-spreading influence impeded also the resources of the Government, curtailed its useful operations, embarrassed the fulfilment of its obligations, and seriously interfered with the execution of the laws. Large appropriations and oppressive taxes are the natural consequences of such a connection, since they increase the profits of those who are allowed to use the public funds, and make it their interest that money should be accumulated and expenditures multiplied.

It is thus that a concentrated money power is tempted to become an active agent in political affairs, and all past experience has shown on which side that influence will be arrayed. We deceive ourselves if we suppose that it will ever be found asserting and sup-

porting the rights of the community at large, in opposition to the claims of the few.

In a Government whose distinguishing characteristic should be a diffusion and equalisation of its benefits and burdens, the advantage of individuals will be augmented at the expense of the mass of the people. Nor is it the nature of combinations for the acquisition of legislative influence to confine their interference to the single object for which they were originally formed. The temptation to extend it to other matters, is, on the contrary, not unfrequently too strong to be resisted. The influence, in the direction of public affairs, of the community at large, is, therefore, in no slight danger of being sensibly and injuriously affected by giving to a comparatively small, but very efficient class, a direct and exclusive personal interest in so important a portion of the legislation of Congress as that which relates to the custody of the public moneys. If laws acting upon private interests cannot always be avoided, they should be confined within the narrowest limits, and left, wherever possible, to the Legislatures of the States. When not thus restricted, they lead to combinations of powerful associations, foster an influence necessarily selfish, and turn the fair course of legislation to sinister ends, rather than to objects that advance public liberty, and promote the general good.

The whole subject now rests with you, and I cannot but express a hope that some definite measure will be adopted at the present session.

It will not, I am sure, be deemed out of place for me here to remark, that the declaration of my views in opposition to the policy of employing banks as the depositories of the government funds, cannot justly be construed as indicative of hostility, official or personal, to those institutions: or to repeat, in this form, and in connection with this subject, opinions which I have uniformly entertained, and on all proper occasions expressed. Though always opposed to their creation in the form of exclusive privileges, and, as a State magistrate, aiming by appropriate legislation to secure the community against the consequences of their occasional mismanagement, I have yet ever wished to see them protected in the exercise of rights conferred by law, and have never doubted their utility, when properly managed, in promoting the interests of trade, and, through that channel, the other interests of the community. To the General Government they present themselves merely as State institutions, having no necessary connection with its legislation or its administration. Like other State establishments, they may be used or not in conducting the affairs of the Government, as public policy and the general interests of the Union may seem to require. The only safe or proper principle upon which their intercourse with the government can be regulated, is that which regulates their intercourse with the private citizen—the conferring of mutual benefits. When the government can accomplish a financial operation better with the aid of the banks than without, it should be at liberty to seek that aid as it would the services of a private banker, or other capitalists or agents, giving the preference to those who will serve it on the best terms. Nor can there ever exist an interest in the officers of the General Government, as such, inducing them to embarrass or annoy the State banks any more than to incur the hostility of any other class of State institutions, or of private citizens. It is not in the nature of things that hostility to those institutions can spring from this source, or any opposition to their course of business, except when they themselves depart from the objects of their creation, and attempt to usurp powers not conferred upon them, or to subvert the standard of value established by the constitution. While opposition to their regular opera-

tions cannot exist in this quarter, resistance to any attempt to make the Government dependant upon them for the successful administration of public affairs, is a matter of duty, as I trust it ever will be of inclination, no matter from what motive or consideration the attempt may originate.

It is no more than just to the banks to say that, in the late emergency, most of them firmly resisted the strongest temptations to extend their paper issues, when apparently sustained in a suspension of specie payments by public opinion, even though in some cases invited by legislative enactments. To this honourable course, aided by the resistance of the General Government, acting in obedience to the constitution and laws of the United States, to the introduction of an irredeemable paper medium, may be attributed, in a great degree, the speedy restoration of our currency to a sound state, and the business of the country to its wonted prosperity. The banks have but to continue in the same safe course, and be content, in their appropriate sphere, to avoid all interference from the General Government, and to derive from it all the protection and benefits which it bestows on other State establishments, on the people of the States, and on the States themselves. In this, their true position, they cannot but secure the confidence and good will of the people and the Government, which they can only lose when, leaping from their legitimate sphere, they attempt to control the legislation of the country, and pervert the operations of the Government to their own purposes.

COLLECTION AND DISBURSEMENT OF THE REVENUES OF GREAT BRITAIN AND FRANCE.

(From a Report made to Parliament in 1831.)

Made in which the Revenues of Great Britain are carried into the Exchequer.

The public revenue of Great Britain is gathered from the people by a class of officers termed collectors, except the stamp duties, which are collected by distributors of stamps.

The money when so collected is paid over to a superior class of officers, called receivers general, by whom it is paid into the exchequer.

The office of receiver general is one of high antiquity, and is recognised as being in existence by many ancient statutes. Originally it probably designated the receiver of crown rents and feudal charges, which constituted so great a portion of the ancient royal revenue. Until the commonwealth, the revenues arising from subsidies, ship money, &c. were collected by the sheriffs of the several counties. But since the restoration, most of the payments into the exchequer have been made through receivers general.

At present there are receivers general for each distinct branch of the royal revenue.

For the *land tax*, there is one who is stationed at London, to whom the collectors of this branch pay or remit the sums collected at specified periods.

For the *assessed taxes, excises, &c.* there are fifty for England and one for Scotland. The receivers general of assessed taxes in England have a district of country allotted to them, and make their payments into the exchequer at stated periods, from weekly to monthly, according to the distance from London and their average amount of receipts. The term is generally about every twenty days. The remittances are for the most part through private bankers, excepting

where the Bank of England has recently established branches in near and convenient situations.

For the *stamp duties* there is one receiver general for England and one for Scotland. The distributors in England remit monthly to the receiver general, generally in bills of exchange, running from fifteen to thirty days.

In Scotland the distributors remit weekly to the receiver general at Edinburgh, who remits by bills of exchange to the Bank of England, alternately through the six principal private banking establishments in that city, three of them being joint stock companies.

For the *customs*, there is one receiver general at London, who is bound to pay his receipts in money, drafts, bills of exchange, &c. daily into the Bank of England.

These amounts are paid into the exchequer weekly for each receiver, in the following manner; though for this and other payments three bank clerks attend daily at the exchequer.

The bank writes off the amount of the weekly payments in cash, which is expressed in a bank note, drawn in a form prescribed for the purpose, by the lords of the treasury—which note duly signed by the officers of the bank, is delivered to the receiver general, or his clerk duly authorised, by whom it is paid into the exchequer, *as so much cash*.

It is expressly provided by law that this note shall be received at the exchequer as cash.

The receiver on such payment is discharged for the amount so paid, and the bank made liable—and the sums made available for the public service, the note being evidence of the possession of so much public money by the bank—or rather being so much money itself—the forms of the exchequer being satisfied by the placing the note received from the bank in the chest, under lock and key of the treasury officers.

The collectors of the customs and of the assessed taxes, are specially authorised and instructed to make various payments out of the moneys received by them, to pensioners, officers on half pay, &c. residing in their neighbourhood, local militia, and other public charges. The vouchers for such payments are probably received and passed to their credit as so much cash. So in the colonies, the collectors pay over to the military chest or paymasters of the army on the spot, and their receipts are vouchers for the payment with the previous instructions.

Other payments are made daily by various persons at the exchequer, and in coin or Bank of England notes, which are now, by law, money itself—being a tender for all public and private dues, except by the bank itself.

The three bank clerks take this money through the day, and on a waste book the tellers charge it to them, and cause proper receipts to be given by the proper officer to those who pay it in.

Through the day the tellers give a minute to the bank clerks, of the sums daily paid out of the exchequer, and which those clerks pay each on the spot from the money they have brought with them in the morning from the bank, and with the change they keep in their own private chest in the exchequer.

After 2 o'clock, the receipts and payments of the day are balanced; and if the bank clerks have received more than they have paid out on account of the exchequer, they pay over the balance on the spot, and it is put in the proper iron chest of the exchequer.

If they have paid out more, the iron exchequer chest is opened, and the balance paid on the spot to the bank clerks.

The local collectors sometimes take bank notes of the Joint-stock Companies and of private bankers.

But they have to remit funds, which are equivalent to specie, or are a *legal tender*, and to do it weekly, or semi-monthly, or monthly, as the distance and amount may require.

Mode of collecting, keeping, and transferring public money in France.

1. Collected by local officers for different kinds of taxes, and in specie or government drafts of various kinds, which are deemed equivalent, and are kept in chests till paid out to creditors, or paid over to the local paymasters and receivers.

2. Kept.—It is mostly paid over to public officers and creditors on the spot or near, under previous instructions or special orders and drafts, e. g. to pensioners, to holders of stock for interest, to paymasters of army or navy, &c. &c.

3. Transferred.—The residu is transmitted to Paris under direction of an officer, who superintends the movements of the funds, or what we call transfers, and is then kept in an exchequer chest; and it is done by carrying it in coin and drafts, or by bills of exchange.

This is accomplished through the receivers general, who gather up and remit all not paid out in the general provinces, or departments, by the collectors, paymasters, &c.

What is wanted in the deficient provinces is then remitted from Paris, if not sent across the country from the over-redundant province, by bills of exchange, &c.

A. Both in France and England the national debts are so large, that the balances on hand at any one time are small.

B. There is no authorised deposit in any bank, it is believed; but if done in local banks, or in the Bank of France, it is a private arrangement.

From the New York Journal of Commerce of Dec. 24, 1838.

THE COTTON MARKET.

The following circular was received by a large number of the New York merchants yesterday morning, from their various correspondents in the West.

NATCHEZ, October 22, 1838.

SIR—As there can no longer be any doubt, but that the cotton crop of this and the adjoining states, will be unusually short this season, and as you may desire to postpone the sale of your cotton till such time as the manufacturers and spinners can be satisfied of the extent of the deficiency, in order that you may be able to realise a proportionate additional price for your crop, I beg leave to inform you that I am now, as agent for Humphreys & Biddle of Liverpool, prepared to make a fair advance, either in current funds or exchange, as you may desire, on any cotton you may be disposed to ship to my house, and will agree to have your cotton held till next summer if desirable, in order that you may realise the best market price of the season; giving you at the time of settlement the benefit of all the exchanges (both foreign and domestic) and have no hesitation in giving it as my opinion, that every planter that ships his cotton in this way, will realise at least ten dollars per bale additional over the present market price; as freights are at this time unusually low (4 penny.) I should recommend that cotton go forward as early as possible, in order to take advantage of the low freights, to be held for a late market, as most for the interest of the planter.

Planters who reside inconvenient to Natchez, and who desire to ship through me under this arrangement,

will please forward their cotton to Morris Willard, New Orleans, for re-shipment and send me duplicate of steam boat bill of lading, when the advance will be remitted as they may request, or placed to their credit in any bank, and a certificate of deposits forwarded them.

All cotton thus shipped will be covered by an open policy of insurance against river and sea risks; and cotton will be forwarded from Mississippi direct or via New Orleans as requested by the planter, when left to me, I will forward from the point I can on the best terms.

As the foregoing arrangement, requiring a large outlay of capital, is made for the exclusive object of promoting the interest of the planter, I hope it may so far meet your approbation, as to induce your patronage.

I am very respectfully,

JOHN INGERSOLL,
Agent for Humphreys & Biddle.

From the United States Gazette of December 8.

NOTICE.

The undersigned, observing in the public prints a circular dated on the 22d October, at Natchez, signed by "John Ingersoll, agent for Humphreys & Biddle," and offering to make advances on cotton shipped to them, with a stipulation that the cotton shall be held if desirable, until the next summer, think it their duty to state, that as the friends and correspondents of Messrs. Humphreys & Biddle, they are well acquainted with the relations between them and the said John Ingersoll, and they know as well from other circumstances as from his own declaration in his own hand writing, that at the date of his circular he had no authority of any description whatever to buy cotton or to make advances or stipulation of any kind on account of Messrs. Humphreys & Biddle. Since then the undersigned have, at his repeated solicitation, but without even the knowledge of Messrs. Humphreys & Biddle, given him the general permission, extended to all shippers of cotton to the house, to draw upon them bills at sixty days' sight for two-thirds of the price, accompanied by bills of lading for the property actually shipped, which bills were to be sold in open market at the current rate of the day. This is the only connection which Mr. John Ingersoll has with the house, and that permission will be revoked in consequence of this circular.

BEVAN & HUMPHREYS.

Philadelphia, December 7, 1838.

From the National Gazette of December 10.

We publish by request the following reply to the notice of Messrs. Bevan & Humphreys, inserted on Saturday.

Messrs. Bevan & Humphreys, by a very shameful and blasting publication of this morning, having attempted to injure John Ingersoll of Natchez, for their selfish purpose, absent and distant as he is from the place chosen for this wanton calumny. I think proper at once to anticipate the notice he will no doubt take of it, by stigmatising it as it deserves, assuring the community that in the contest thus provoked by Bevan & Humphreys, he will manifest that for strictness of truth, integrity, and fair dealing, he has nothing to fear from collision or comparison with any one, certainly not Bevan & Humphreys.

C. J. INGERSOLL.

Philadelphia, Dec. 8th, 1838.

The directors of the Mississippi Union Bank, at Natchez, have issued a circular in which they say that believing the cotton crop of that state will be short, they will make advances to the planters who desire to postpone their sales till this can be ascertained, at the rate of sixty dollars per bale of four hundred pounds, upon the delivery of the same to the bank's agents at the different shipping points on the Mississippi, with a note payable twelve months after date, endorsed by two or more good securities.

Mobile, November 28.

Cotton.—The arrivals since our weekly report have been 7,729 bales, and exports 2062 bales, one cargo, the first, to Liverpool. The sales since Friday amount to about 2000 bales, of which 1200 bales changed hands yesterday, and 500 to-day, at prices which establish a decline since our last quotations of two weeks ago, when the market first became unsettled, of fully 1½ a 1¾c. on good fair, and ½ a 1c. on choice. In other descriptions below good fair the decline is 1 a 1½c.—placing fair cotton at 12½ a 12¾c. with a disposition to continue sales at these rates. The transactions of 300 bales on Saturday and Monday were at a decline from our weekly review of about ¾c. Some holders have not met the decline on account of the hopes held out in the circular of the agent of Messrs. Humphreys & Biddle at Natchez. Fine cottons are scarce, and difficult to be obtained. We quote general rates at 10½ a 14½.

THE USURY LAW.

Proceedings of the Philadelphia Chamber of Commerce in 1836, which are expected to be revised.

RATES OF INTEREST.

Report of the Committee of the Chamber of Commerce of this City.

The Committee appointed by the Chamber of Commerce, on the 10th of May, 1836, to enquire into the expediency of taking measures to procure the abolition of the Usury Laws, beg leave to

REPORT:

That after corresponding with some members of the legislature who are friendly to this measure, it was determined to postpone any efforts until the winter session, when, if commenced early, it is thought there is every prospect of success.

The necessity of removing restraints on the rate of interest, has become strikingly manifest within a few months, during which time, owing to a variety of circumstances, discounts have been higher than were ever before known in this country. The rates prevalent in Boston have been from 2 to 4 per cent. per month; in New York from 2 to 3½ per cent. per month, and in Philadelphia from 1½ to 2½ per cent. per month. These rates have been as current as the market rates for flour, meat, cotton, or any other merchandise, and yet no one has ever thought of the expediency of restraining the miller from selling his flour beyond \$6 per barrel, or the butcher and planter from selling their meat and cotton higher than 6 cents per pound. The community would not submit to such usurpation as fixing the prices of all articles of merchandise, neither will they submit much longer to the arbitrary dictation of the law, in fixing the price of money—an article more liable to fluctuation than any other merchandise.

This law is useless—even worse than useless—it is attended with much injury, besides being very arbitrary. It is broken, over and over again, every day.

The borrower feels the injustice as well as the lender, and thinks none the worse of the lender for receiving the current rate of interest. The necessary operation of the law is to induce the employment of third persons and brokers, for the purpose of more safely effecting an illegal transaction. These intermediate persons must be paid by the borrower, and thus the rate of interest is uselessly increased. If there were no usury law, the borrower would go directly to the capitalist, and bargain for the purchase of money on the best terms in his power. If there were no restraining law, conscientious capitalists, of whom there are many in our large towns, who are now deterred from infringing on this law, however absurd and unjust, would come into the money market, and sell their money for a price which many enterprising mechanics and merchants would be happy to pay for it, instead of investing it in western and southern securities, which yield a higher interest than our eastern stocks do. Thus the money of our own citizens would be kept at home, and the competition which would thus be created between the other banks and the money lenders, would reduce the price of this article down to its fair and true value.

There are several exceptions in the laws restraining the rate of interest, viz.

Bottomry or bonds upon ships.

Respondentia—or loans upon shipments by sea, including marine insurance.

Pawn-broking, or loans upon personal property, which are at very high rates of interest.

Besides the above, there are several laws incorporating railway and banking institutions which authorise the managers and directors of said corporations to assess interest at the rate of 12 to 18 per cent. per annum, on delinquent subscribers, to compel the payment of the instalments. These examples are cited for the purpose of showing that usurious interest has been allowed by our legislature in cases where expedience has pointed out its utility, and we hope this liberality will be extended to all moneyed operations.

If the commonwealth of Pennsylvania should be so wise as to repeal its usury laws, or would allow the rate of interest to be extended to 8 or 10 or 12 per cent. per annum as might be agreed upon by the contracting parties, and the States of Massachusetts, New York, Maryland, and Virginia, should be so unwise as to keep up their present rates, (viz. in New York 7 per cent. per annum, whilst in the other three states it is 6 per cent. per annum,) capital would flow into Philadelphia from Boston, New York, Baltimore, and Richmond, in the same way, as Baltimore and Philadelphia capital has been transmitted to New York, (to the knowledge of a member of this committee,) being attracted by the 7 per cent. legal rate of interest of that state. Thus Pennsylvania enterprise would be fostered at the expense of her less clear-sighted and prudent neighbours.

Innumerable other suggestions might be urged in favour of the abolition of a law, which is a disgrace to the enlightened age in which we live, inasmuch as it is constantly infringed, and is entirely negatory in accomplishing the object for which it was designed; but, on the contrary, produces the evil it was intended to remedy. The committee, however, will not further intrude on the attention of the chamber, in urging a measure which is so popular with the intelligent portion of the commercial community, but will close the report by proposing the following resolves:—

Resolved, that the Chamber of Commerce petition the legislature now in session, to amend the usury laws, so far as relates to the allowance, on and after the Fourth of July next, of each rate of interest as may be fixed on by contracting parties, on all promissory notes and bills of exchange resting solely on personal security, that

have not over four months to run, but not to apply to discounts by banks, or to embrace bonds, mortgages, and other landed securities.

Resolved, That the Chamber of Commerce and Board of Trade of Pittsburgh, as well as the Board of Trade of Philadelphia, and the citizens of Pittsburgh and Philadelphia particularly, as well as of the state generally, be earnestly invited to co-operate with the Philadelphia Chamber of Commerce, in procuring relief from these obnoxious laws.

JOHN A. BROWN,
J. FISHER LEAMING,
GERARD RALSTON,

Committee.

Philadelphia, Dec. 17, 1836.

Philadelphia, Jan. 16, 1837.

Sir—By direction of the Philadelphia Chamber of Commerce, we have the honour to address you on a subject which has engaged much of the attention of many of the most intelligent men of this city, and our object is to invite the co-operation and support of the institution over which you preside, if you approve of our plans, in efforts to procure from our legislature relief from the unwise laws now existing in regard to the interest on money.

We beg to enclose a report and memorial of the Chamber of Commerce to our legislature, to pray them to modify the laws restraining the rate of interest.

We entertain the opinion, that money is a commodity, which ought to be bought and sold as free from restriction as flour, cotton, beef, or any other species of merchandise. We think the community would be infinitely benefited if this were the received opinion throughout the state. But inasmuch as the usury laws have existed ever since the foundation of this commonwealth, and as old customs sanction their impolitic provisions, we deem it prudent to attempt their repeal gradually, so as not to shock the prejudices of the people, nor to alter too rapidly the system which has grown up with the institutions of our state. We therefore, you will observe, recommend the adoption of an alteration applying merely to promissory notes and bills of exchange that have only four months to run, and restrict this to individuals, and not to apply to bonds, mortgages, or other landed securities. We suppose that if we procure a modification of the usury laws, as pointed out in our memorial, that after the lapse of a year or two the plan will be found so advantageous as to induce the legislature to extend the repeal to all restrictions on the money market.

Begging the favour of your board to consider as didly the important matter we present to your notice, and requesting your co-operation with us, we subscribe ourselves, with the greatest respect,

Your most obedient servants,

JOHN A. BROWN,
J. FISHER LEAMING,
GERARD RALSTON,

Committee on behalf of the
Philadelphia Chamber of Commerce.

To the President of the Chamber of Commerce,

To the President of the Board of Trade,

Pittsburg.

Communications were addressed separately to the President of the Board of Trade of Pittsburgh, and separately to the Chamber of Commerce of Pittsburgh.

To the honourable the Senate and House of Representatives of the Commonwealth of Pennsylvania:

The memorial of the Philadelphia Chamber of Commerce respectfully represents:

Your memorialists have noticed with great satisfac-

tion that bills have been reported to both your honourable bodies, repealing in part the acts regulating and fixing the rate of interest, and under the expectation that some enactment on this subject may be passed by the legislature, respectfully ask permission to express their entire concurrence in the necessity for removing, or at least modifying, the present restraints in the rate of interest.

The inexpediency of these restrictions has, within the last few months, become strikingly manifest to your memorialists, during which time, owing to circumstances not necessary here to be adverted to, the rate of interest has risen to a higher point than ever before known in the United States.

In Boston, your memorialists are informed, money has been worth from 2 to 4 per cent.; in New York from 2 to 3½ per cent., and in this city from 1½ to 2½ per cent. per month. These are the current prices; which your memorialists are firmly persuaded have reached those extravagant rates, owing in some degree to the operation of those very restraining laws, which by shutting out competition, has diminished the number of lenders in the money market.

To attempt to fix the price of money is as futile as to fix the prices of flour, meat, cotton, or any other commodity. In point of fact, the laws restraining the rate of interest are useless—they are evaded daily—the only use of them is, to give employment to third persons, to give effect to transactions which otherwise would be illegal. These intermediate persons must be paid, and to this extent the rate of interest is enhanced on the unfortunate borrower.

Your memorialists respectfully conceive that were the usury laws repealed or even modified, to the extent hereafter prayed for by your memorialists, that borrowers would have access directly to capitalists, and bargains for money would be negotiated, in the same way as for any other commodities, on the lowest terms, from the circumstance of the market being open to all.

Conscientious capitalists now deterred from infringing these laws, however absurd and unjust, would be brought into the money market, and offer their capital to our mechanics and traders at the lowest rates, instead of seeking as they now do, a more profitable investment in western and southern stocks; and thus the money of our own citizens would be kept at home to benefit the commonwealth.

Numerous other suggestions might be urged in favour of the abolition of these laws, which are entirely nugatory as far as regards the objects they were originally designed to accomplish, because they are constantly infringed, but your memorialists, aware of the difficulties to be encountered in getting rid of these long existing enactments, and anxious to effect this object only in conformity with the wishes of all classes of their fellow-citizens, do not ask for their entire repeal until further experience shall have satisfied them of their utter inexpediency.

Accordingly, your memorialists now pray that the usury laws may be so amended as to allow, on and after the 4th of July next, contracting parties to take whatever rate of interest they may agree upon, on all promissory notes and bills of exchange which have not over four months to run—but this provision shall not be extended to bonds, mortgages, and other landed securities, nor to banking institutions, loan companies, &c.

Your memorialists are the more confident of the propriety of recommending the adoption of the above modification in the usury laws, because in England, the greatest commercial nation of the world—the ex-

ample has been set us, differing only, in the limiting of the time to 3 months instead of 4 months—and beneficial effects have been experienced from it.

From the Philadelphia Gazette of 30th June, 1836.

ON THE USURY LAWS.

MR. EDITOR—I read with much satisfaction the editorial remarks which appeared in your paper of yesterday, on the subject of the usury laws, with the translation of an article from the *Courier Francais*, which accompanied them, and hope that they will be followed up by others. If a petition for the abolition of our laws against usury is to be presented to the next legislature, now is unquestionably the time for discussing the question. I have long been of opinion, that there is no more reason why the hire of money should be regulated by law, than the hire of a horse, or of a house. Every man should be left at liberty to get things as cheap as he can, or, to sell them as dear as he can, and the struggle which results from this competition, establishes that equitable medium which is called the market price. If more impositions and extortions are practised in the hiring of money than in the hiring of horses and houses, it is solely because the law attaches disgrace as well as a penalty, to the man who demands the full value for his capital when it consists of money, whereas when his capital consists of horses and houses no such disgrace or penalty is attached. The consequence is, that people who are in want of money, and have not the best security to offer, are obliged to go to that class of money lenders, who are willing to run all the risks, and to encounter all the disgrace of a violation of the law, but who must receive for their aid *besides the interest of the money*, an exorbitant premium for taking upon themselves the hazards to which the law subjects them. Nothing is more clear to my mind, than if every man was at liberty to get as much for his money as the competition of borrowers would enable him to do, the rate of interest in the market would be lower than it is. To the poorer classes of people, such as mechanics and tradesmen, it would be especially beneficial, inasmuch as it would bring into the money market to seek for their custom, that immense body of honest and timid people, who are now altogether unapproachable on account of their unwillingness to lend except upon landed security of the best character.

But usury laws, besides being injurious to the public, are positively futile as a means of preventing the rich from getting a high interest. Besides the modes of evading them without risk, which you enumerated yesterday, there is another. I allude to the practice of selling stocks on time. The mode is this. A man who has ten thousand dollars, purchases bank stock for cash at \$100 per share, and sells it the next minute on a credit of two months for \$101, with interest added, which makes one dollar more. He thus gets two per cent. for the use of his money for two months, that is, at the rate of one per cent. a month. This is done every day to an immense amount. These facilities, however, belong chiefly to persons who have credit on 'change. Mechanics and tradesmen must go to another class of lenders, who instead of being content with one per cent. a month, may possibly demand five, which would not be the case if the most respectable class of capitalists were at liberty to deal with them, upon equitable terms.

BENTHAM.

From the Express of 25th Nov.

NEW YORK MONEY MARKET.

Money is becoming quite tight. The southern banks, particularly those in Mississippi, such as the Agricultural, Planters and Vicksburg, have made large operations by taking up their bills at par, and giving bonds payable in twelve months, with seven per cent. interest. These bonds are held to the amount of several millions, and are in market, selling at the rate of ten per cent. per annum. Those who embarked largely in the purchase of Mississippi bills at twenty and thirty per cent. discount, will now turn their funds into good money with very small reduction.

The Bank of the United States here has run out of bills on London drawn by the bank in Philadelphia; and will have no more at least until to-morrow or next day. Private drawers have put up the rate to 110 per cent. on London, and 515 on Paris. The moment the bank stops drawing up goes exchange.

And a very large amount of exchange on England, it is believed, will be wanted between this time and the 1st of January. The orders that have been given will require large remittances; besides this, it is stated, that a considerable portion of the specie that came out here last May is to be remitted, for the shipments of cotton will be much later than usual. November and December are both months usually of large shipments—this year will be an exception. The low state of the rivers, together with the sickness that has prevailed, have had a great deal of influence in keeping back exports. Most of the fine ships that left here a month ago, are waiting at the south for cargoes. The consequence must be, that bills to any large amount, drawn against cotton, sent forward, will not be received in this market for some time to come. The course the U. S. Bank at Philadelphia, has pursued, in being the steady drawers of bills for the last month, has afforded great relief and benefit to the mercantile community. If the bank had not been drawing, there is no question that exchange would have gone up to 10 a 10½ per cent.—a rate that would have taken a large amount of specie.

NEW YORK INTERNAL IMPROVEMENTS.

Canals finished, cost	\$12,000,000
Genesee Valley and Black River canals, will cost	6,200,000
Enlargement of the Erie canal, say at least	15,000,000
Loaned to Delaware and Hudson Canal Co.	800,000
Loaned (authorised) to New York and Erie Railroad	3,000,000
	<hr/> \$37,000,000

DOMESTIC INTELLIGENCE.

ANOTHER BANK.—Articles of association and certificate for a new bank in New York, entitled the "East River Bank of the city of New York," have been filed, with a capital at present of \$1,000,000, with power to increase to \$25,000,000. We understand that 25 per cent. of the capital is to be paid in cash, and the residue in stocks and bonds and mortgages.

NEW BANK AT NEWBURY.—Some of our citizens, among whom are Thomas Powell, Esq., and B. Carpenter, have formed an association for the purpose of establishing a bank in this village, under the general banking law—capital \$100,000, with the privileges of extending to \$1,000,000. The plates are already ordered, and the company will be ready for business by the first of January next.

The capital of the Bank of Charleston, S. C. is to be increased by the sum of \$2,000,000.

It is stated that the checks of the Mississippi Union Bank, on the Merchants' Bank of New Orleans, payable in January, are met on presentation, without deduction of interest for the unexpired time.

THE U. S. BANK OF NEW YORK.—The workmen are rapidly going ahead with this building in Wall street. It is expected that it will be fit to receive the officers for banking purposes by the first of May next.

RAISING THE WIND.—The notes of the Planters' Bank of Mississippi, guaranteed by the United States Bank of Pennsylvania, payable in 1840, 41, and 42, and drawing interest at the rate of seven per cent. were yesterday offered in Wall street at par to the amount of a million and a half of dollars, and we understand some of them were sold, buyers selecting those having the longest period to run.—*Jour. of Commerce, 22d Nov.*

It will be seen that stocks are still tending downwards. The same may be said of Philadelphia. Letters from that city, received this morning, state that money is very scarce, and commands 1 to 1½ per cent. per month. The United States Bank have issued a notice requiring 15 per cent. to be paid on all stock notes, and the same at the end of every sixty days, until the payments are all made.

DIVIDENDS.—The Montreal Bank, and the City Bank at Montreal, have each declared a semi-annual dividend of three per cent., payable the first instant.—*N. Y. Commercial, 30th November.*

We understand that a draft from Cincinnati, purporting to be for five thousand and twenty dollars, was presented and paid at the United States Bank on Saturday. On examination at the closing of the bank, it was discovered that the draft was originally for one hundred and twenty dollars; but the words one hundred had been taken out and five thousand inserted. The police of the city are in search of the person who committed the crime.—*U. S. Gazette.*

The Darien (Geo.) Telegraph of the 13th instant says:—The frost is said to have done much injury to the cotton in this neighbourhood. We regret to say the crop is very backward indeed. Some planters have informed us, that if they made half a crop it would be more than they expected.

The Mobile Advertiser says:—We learn from a highly respectable and intelligent merchant of this city, that government drafts on the postmaster at New Orleans, have been lately protested to a very large amount. Our informant, who has just returned to the city, also states that they are frequently dishonoured in every section of our country, and that holders suffer very great inconvenience from this delinquency of the government.

OFFICIAL.

TREASURY NOTES.

Treasury Department, Dec. 1, 1838.

The whole amount of treasury notes authorized by the act of October 12, 1837, has been issued, viz.

	\$10,000,000 00
There has been redeemed of them about	7,610,000 00
The new emissions made in place of those, under the act of May 12, 1838, have been only	5,709,810 01
There have been returned of these last into the treasury about	345,250 00
This leaves a balance of all outstanding equal to only about	7,753,560 01

LEVI WOODBURY,
Secretary of the Treasury.

CANADA BANKS.

The Montreal Courier of the 23d November, contains the official statement of the condition of the Bank of Montreal and of the City Bank of Montreal on the day before the suspension of specie payments by those institutions, from which we compile the following table:—

Liabilities.		
	Bank of Montreal.	City Bank.
Capital paid in, . . .	£410,731	£200,000
Circulation, . . .	180,808	71,120
Deposits, &c. . . .	205,844	38,809
Due other banks, . .	68,370	10,895
Other liabilities, . .	51,754	10,280
Total,	£917,507	£331,104
Assets.		
	Bank of Montreal.	City Bank.
Specie,	£117,624	£16,56
Bills and checks, . .	7,364	18,578
Due from other banks, &c.	46,768	38,543
Discounts, exchange, &c.	738,751	257,189
Real estate,	7,000	538
	£917,567	£331,194

SALES OF STOCK AT PHILADELPHIA.

December 10.

\$7000 Drafts on New York,	100	100
6 shares Mechanics' Bank,	51	35
20 " Girard Bank,	49½	50
10 " Kentucky Bank,	86½	85
30 " "	87	
10 " "	87½	
10 " "	87	
50 " " 10 days a. o.	87	
15 " Vicksburg Bank,	77	100

SALES OF STOCK AT NEW YORK.

December 8.

13 shares U. S. Bank,	119½
1205 " Del. and Hudson Canal,	68
625 " Vicksburg Bank,	75
110 " Kentucky Bank,	86
100 " New Hope Bridge,	57
200 " Harlem Railroad,	45
180 " Patterson Railroad,	55
105 " Boston & Providence R.R.,	104
15 " N. J. Railroad & T. Co.	101
100 " Stonington R. R.	24½
50 " Utica Railroad,	119
125 " Mohawk Railroad,	60
50 " Long Island Railroad,	55½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

December 8.

Bills on London, 60 days sight, 10 a 10½ p. cent. prem.	
" France, " 5 15 a 17½ fr. p. doll.	
" Holland, " 40½ a — cts. p. guild.	
" Hamburg, " 36½ a 36½ cts. p. m. ba.	
" Bremen, " — a 80½ cts. p. rix doll.	
" Boston, at sight, par a ½ discount.	
" Philadelphia, " par a ½ do.	
" Baltimore, " ½ a ½ do.	
" Richmond, " 1 a 1½ do.	
" N. Carolina, " 2 a — do.	
" Charleston, " ½ a 1 do.	
" Savannah, " 2 a 2½ do.	

Bills on August, " 2 a 2½ discount.	
" Mobile, " 3½ a 4½ do.	
" New Orleans, " 1½ a 1½ do.	
" Louisville, " 2 a 2½ do.	
" Nashville, " 5 a 6 do.	
" Natchez, " 7 a 8 do.	
" St. Louis, " 2½ a 3½ do.	
" Cincinnati, " 1½ a 2½ do.	
" Michigan, " 10 a 12 do.	
" Detroit, " 4 a 5 do.	
American gold, 7 premium.	
do. new coinage, par a ½ do.	
Spanish dollars, 4½ a 5 do.	
Caroline do. 6 a 7 do.	
Mexican dollars, 1 a 1½ do.	
Half dollars, per a ½	
Five-franc pieces, 94½ a 95 cents each.	
Doublons, \$16 65 a \$16 75 do.	
do. patriot, 15 65 a 15 75 do.	
Sovereigns, \$4 85 each.	

WEDNESDAY, DECEMBER 10, 1836.

Congress assembled at Washington on the 3d inst. On the 4th the Message of the president was delivered, from which we have extracted, on another page, the portion which relates to banks and the collection of the revenue.

POST NOTES.—In No. 4 of the first volume of the Register, of 2d August, 1837, we pointed out a very simple process by which the banks could resume specie payments, which was by the issue of post notes, payable at distant periods, and showed the manner of their operation. At that time, and for many months afterwards, no bank appeared to adopt the policy, but it has latterly become a favourite one, and is the great lever by which an institution expects not only to effect resumption, but to maintain it afterwards. In the *modus operandi*, however, some of the banks have committed great injustice towards the public. Instead of making the loss of interest for the time that payment has been deferred fall upon their debtors, whose liability to pay is presumed to have been the ground of their own insolvency, they have made it fall upon their creditors, by giving in exchange for their notes payable on demand, their notes payable at a distant day, without interest. This has been done by some of the banks in Mississippi and Tennessee, and probably in other states.

Subscribers who may desire odd numbers of the Register to make their files complete, are informed that they will be furnished, if called for by letters, postage paid, prior to the 1st of February next.

TERMS.

PUBLISHED WEEKLY AT \$5 PER ANNUM, BY ADAM WALDIE, Carpenter street, Philadelphia, to whom all orders and remittances are hereafter to be sent.

Subscriptions received by
Weeks, Jordan & Co., Boston;
Wm. Burns, 402 Broadway, New York;
Nathan Hickman, Baltimore.

The first volume, and the previous numbers of the present volume can be supplied.

After the conclusion of the present volume, 26th December, the work will be discontinued.

THE FINANCIAL REGISTER

OF THE
UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept to perpetuity. For whenever that is altered, upon whatever pretence soever, the public will lose by it."
"Men in their bargains contend, not for denominations of pounds, but for the intrinsic value."—Locke on Money.

Vol. II.

WEDNESDAY, DECEMBER 19, 1838.

No. 28.

REPORT FROM THE SECRETARY OF THE TREASURY ON THE FINANCES.

TREASURY DEPARTMENT,
December 3, 1838.

The undersigned respectfully submits the following report, in obedience to the "Act supplementary to the act to establish the treasury department."

I.—OF THE REVENUE AND EXPENDITURES.

The balance in the treasury on the 1st of January, 1839, which will then be available and applicable to public purposes, is estimated at \$2,765,342 36

This result is derived from the following data:

On the 1st of January, 1837, the balance in the treasury, exclusive of trust funds and those belonging to the post office, was \$46,337,688 36

The receipts during that year, from all sources exclusive of the funds aforesaid, were \$2,643,973 53

Viz:

Customs	\$11,169,290 39
Lands	6,776,236 89
Miscellaneous	1,705,457 47
Treasury notes	2,992,989 18

These, with the balance last mentioned, constitute an aggregate of \$68,981,661 89

The expenditures during the same year, exclusive of the trust funds and those belonging to the post office, were, \$31,815,469 91

Viz:

Civil list, foreign intercourse, and miscellaneous, \$5,524,259 76.

Military service, including fortifications, Indian affairs, pensions, arming the militia, the Florida war, removal of the Cherokees and Creeks, improvement of rivers and harbours, constructing roads, and building armories and arsenals 12,417,274 44

Naval service, including gradual improvement and exploring expedition 6,822,050 80.

Public debt 21,822 91

This left in the treasury on the 1st of January, 1838, a balance of \$37,166,251 98

The receipts during the first three quarters of 1838, with exceptions similar to those before named, are ascertained and estimated to have been \$31,075,723 19

Viz:

Customs, including postponed bonds, . . . \$12,228,770 56

[Of this sum, about \$2,990,000, received in treasury notes, cannot until the settlements to which they belong shall be completed by the accounting officers, be entered upon the register's books. A part will be carried into the treasury by warrant during the fourth quarter, and the remainder next year.]

Lands	2,036,838 54
Miscellaneous	238,431 85

Deeds of third bond of United States Bank sold for . . . 2,354,871 38

Part of second bond . . . 1,600,000 00

Issue of treasury notes, . . . 12,716,800 86

The further receipts in the fourth quarter are estimated at 1,002,330 84

Viz:

Customs, estimating the actual receipts during the quarter, and net the sums which may be formally carried upon the register's books from former quarters . . . \$5,250,000 00

Lands 1,100,000 00

[Including only a portion of the pre-emption, and such of the sales as may be actually paid into treasury before the year expires.]

Miscellaneous 15,000 00

On second bond of U. S. Bank, due in Sept. 1838, and paid in part before and part after that date . . . 687,330 84

These united make the aggregate of

Viz. Civil, foreign inter- course, and miscella- neous,	\$3,658,157 87
Military service, &c.	13,969,836 01
Naval service, &c.	5,881,096 07
Redemption of treasury notes, and other pub- lic debt	8,050,000 00

For further particulars see the details of the annual estimates.

It will be perceived by these statements, that no surplus balance will probably exist either on the 1st of January, 1839, or during that year, to be deposited with the several states for safe-keeping, as a fourth instalment under the deposit act of June, 23, 1836. Indeed, great care will be necessary in restricting the appropriations to the necessary wants of the government, or the receipts will not be sufficient to meet the current demands on the treasury, unless those receipts should unexpectedly exceed the present estimates.

When an unusual excess existed in the treasury, it was proposed to place that fourth instalment with the states for safe-keeping till needed, but before it became payable, the money was wanted to discharge existing appropriations. The deposits of it was, therefore, postponed by congress till next January, and the money has been used by the United States, to which it belonged, without incurring the expense and inconvenience, to all the parties concerned, of paying and then immediately recalling it. That instalment is not a debt due to the states, and, hence, is not required to be paid like an appropriation for the public service. Yet the remark may properly be added, that if a surplus should hereafter accrue, large enough, after defraying all the existing charges imposed by congress upon the treasury, to make the deposits originally contemplated, this department, with its present views, would feel bound to carry it into effect, unless congress, in the mean time, should further modify the laws now in force in relation to the subject.

V. EXPORTS AND IMPORTS IN 1838.

The exports during the year ending September 30th, 1838, are computed to have been \$103,136,000.

Of these, about \$90,666,000 were of domestic, and \$12,470,000 of foreign origin.

The former have diminished from the previous year, \$4,898,414, and the latter, \$9,384,962.

The imports for the same year were \$112,000,000.

These are \$28,989,217 less in value than those of the previous year, being nearly \$78,000,000 less than those under the enormous over-trading and other over-actions which characterised 1836.

For further particulars, reference may be had to the table annexed.

It is an interesting fact, that during the last three years more than \$86,000,000 annually, or an average of nearly nine-tenths of our whole domestic exports, have been derived from agriculture. More than seven-tenths of our whole population are probably employed in that useful pursuit.

VI.—EXPLANATIONS OF THE ESTIMATES OF RECEIPTS AND EXPENDITURES, AND SUGGESTIONS ON THE MODE OF MEETING FLUCTUATIONS THEREIN.

The receipts from customs during the present year, will vary but little from the estimate submitted in the last annual report. The receipts from lands will be less; but the amount of sales made, and pre-emption rights existing, will not differ essentially from what was anticipated, though the act of congress, as to the latter, passed so late, that payments for all of them

could not be realised till another year, without causing much inconvenience and unnecessary pressure in some portions of the country.

The estimates presented for new appropriations and for expenditures in 1838, were quite as large as the views of the different departments, at the time congress assembled in December last, appeared to justify. But the unexpected continuance of the Florida war, a solicitude to induce the Cherokees to remove peaceably, and an earnest desire to suppress, with promptitude, all threatened disturbances on our northern frontier, with several other measures of less importance, originating in congress, led that body to make appropriations amounting to nearly ten millions beyond those requested in the annual estimates. Some provision of additional means, corresponding to this excess, became therefore, necessary; and, in order to discharge the excess, and guard against contingencies, as well as avert the consequences of a protracted suspension of specie payments by the banks, congress wisely granted the additional authority both to sell the bonds of the United States Bank and to issue new treasury notes, instead of such as might be paid in before the time for their redemption arrived. The apprehensions of embarrassments in the finances within the year, which had arisen from those unexpected appropriations, and from the failure that then continued among the banks in most quarters of the Union to return to specie payments, were removed by these opportune provisions. Occasions, however, have not yet arisen to require the full use of either of them.

The whole amount of treasury notes outstanding at any one time since they were first authorised, in October 1837, has never equalled ten millions of dollars. The amount now outstanding is only \$7,754,560. Beside the restrictions on the sale of the bonds of the United States Bank, the want of power to guaranty their eventual payment, and the short period they had to run, with the great quantity of state stocks in the market of a better character for permanent investment, caused some temporary inconvenience, and prevented any offer for them above par, either at home or abroad. The sale, however, of one becoming expedient, it was effected within the limitations prescribed. It has not yet been found necessary to dispose of the other. But it is expected that, when the period for redeeming most of the outstanding treasury notes arrives, it must be sold, unless other means to meet the public engagements shall, in the mean time, be provided by congress.

If the receipts from customs or lands should exceed the estimates made for the ensuing year, which, in the vacillations of trade, is not very improbable, still it is not supposed the excess will be so large that all the expected charges on the year can be defrayed without a sale of the remaining bond, or some equivalent resources.

The estimates of receipts for 1839, rest on the following general views. An overflowing tide of speculation and bank issues, like that of 1836, is not anticipated, while the recent evils and disasters from those sources are fresh in remembrance. Nor, on the contrary, is any expectation entertained of a repetition, so soon, of the mercantile revolutions which characterised the year 1837.

The receipts from duties during the last year, if the bonds had not been postponed, would have been about \$16,000,000. Those of the present year, in the ordinary operation of the laws, without the postponed bonds, will not probably exceed \$13,000,000.

By supposing a large increase of 50 per cent. in 1839, beyond the ordinary receipts for the last year, they would amount to between nineteen and twenty

millions, and would be larger than the receipts in 1835. Such an increase would be greater than in any previous year of our history, not affected by commercial restrictions, foreign wars, or important changes in the tariff.

Considering that, under the present credits, the duties actually paid within any calendar year must be estimated chiefly on the imports from the first of July preceding, to the first of July in that year, and that two biennial reductions in the tariff have occurred since 1835, it is believed that nineteen or twenty millions is an estimate sufficiently high for 1839.

But as the receipts of late have depended much less than formerly, when credits were longer and almost universal, on the amount of bonds taken in previous years, the estimates must be much more conjectural; and intestine commotions, wars in Europe or on our own borders, fluctuations in crops or prices, and various other contingencies in the ensuing year, which cannot be foreseen or computed, may vary the result several millions.

The reduced receipts both from lands and duties in 1837 and 1838, as compared with the two preceding years, were anticipated by the department in 1836, and a permanent provision to meet any deficiency was earnestly urged on the consideration of congress.

Confident as were the expectations entertained by many, that the revenue of 1837 would be so great as to justify further large deposits with the states, and severe as were the censures bestowed on those who expressed apprehensions of a different result, a striking diminution in the revenue actually occurred. Although any difference of opinion on a point of so much importance to the public faith was deeply regretted by the department, yet it felt constrained, at that time, to regard many appearances of extraordinary prosperity as delusive; the existing surplus as temporary and fallacious in its character; and consequently believed that much of it was likely to be required in a few years to meet deficiencies in the revenue, arising from the progressive reduction of the tariff, and those fluctuations in income and expenditure to which all governments are more or less subject, and to which our own system of finance is peculiarly exposed.

Apart from the contingencies of war, and other exigencies affecting expenditure, it is impossible, under the ebb and floods of trade and speculations of all kinds, which, with the present banking system, are as certain though not so regular as the tides, that a revenue derived chiefly from foreign importations and the sales of land, should not vibrate with such changes. The department, therefore, has discharged a duty deemed imperative, in urging on the attention of congress, at several sessions, some permanent and efficient arrangement for enabling the treasury to meet such fluctuations without injury to the public credit.

On one occasion, permanent legislation in respect to this point did take place. But that has been repealed, or indefinitely postponed by the act of October 12th, 1837; and the temporary measures substituted, having nearly ceased their operation, the necessity for some further provision is apparent. The form seems to be the great question of difficulty; there being, it is apprehended, a general concurrence of views in favor of having some effectual provision on a subject of such obvious importance.

The investment of a part of the surplus in the treasury in state stocks, in the manner which for several years has been successfully practiced, under the acts of congress, on large sums belonging to the Indians, so as to constitute a provident fund to meet contingencies and fluctuations, was the mode first recommended by the department. But a substitute for this plan was

preferred by congress, which directed the whole surplus to be deposited with the states for safe-keeping, and enabled the secretary of the treasury to recall it, whenever needed for public purposes. In the autumn of 1837, however, when the necessity of resorting to this substitute was in view, congress postponed its operation. Instead of it, the power to issue treasury notes for a limited period was granted, and for additional security against deficiencies, the deposits of the fourth instalment with the states, was deferred till next January, and afterwards the power to sell the bonds of the United States Bank was added. But both of those powers will soon be inoperative, and without some further legislation on this subject, which shall be of an efficient character, and be available at an early day, the preservation of the public faith must be endangered.

Recent experience is full of admonition on this question. Since the extinguishment of the national debt, and especially within the last three years, it has been the policy of congress to avoid a large balance in the treasury immediately available, which, if unemployed for the public service, was regarded as taken from the circulation of the country, and in some degree hoarded, though deposited in banks which had made the public money the basis of enlarged operations. This policy, as it obviates the hazard attending such operations, as well as the imputation of improper influence in the management of the money, is certainly the most prudent. But the preservation of the public faith, either under the former practice of keeping the money in banks, or under the proposed system of an independent treasury, may occasionally render other resources necessary, from the considerable fluctuations which are frequently occurring in our receipts and expenditures from year to year, and even from month to month. Thus, the receipts from the usual sources, which were in 1834, about twenty-one millions, rose unexpectedly in 1836 to forty-eight millions; but fell again as suddenly in 1837, to only about nineteen millions. So the aggregate expenditures in 1834 and 1835, independent of any payments for trusts or the national debt, were only seventeen or eighteen millions; but from Indian wars and other causes they rapidly rose, and, notwithstanding the diminution in receipts, have remained since not far from thirty millions yearly. Again, in the month of January last, the expenditures were only about one million eight hundred thousand dollars, and in May last, only two millions two hundred and forty-two thousand dollars; but in July, they suddenly increased to over four millions five hundred thousand dollars, being an excess, in a single month, of nearly two millions and a third, or more than enough to sweep off, in thirty days, the whole balance on hand. Consequently, at any period, with only a million or two in the treasury, and the current receipts being less than two millions monthly, it is obvious that the public engagements could not all be punctually met, unless some power, like those before named, shall exist to provide for calls so unequal in different portions of the year, as well as in different years. Though the receipts for any one year may be equal to the whole expenditures within it, even that will not remove the difficulty. The expenditures may be required in larger proportions in the first half of the year, and the greatest receipts occur in the last half.

Having the power to issue treasury notes during 1838, the department has been enabled, by the aid of that and other means, to meet every authorized engagement with punctuality. A power of a similar kind has been found in other countries, during more than a century, to be indispensable to sustain public credit. If we keep only a small available balance in

placed in a situation of extreme difficulty, from which it could be extricated only by instant and vigorous measures for its protection. The dangers were—the total prostration of its credit and character abroad—the depreciation in prices of all its public securities and its staple productions—and, last and worst, that the defensive remedy of suspension might be protracted until it became itself a disease. It was manifest too that the calamity had outgrown the capacity of mere politicians—that the country must take care of itself and rely only upon itself—and as, in times of peril, the voice of the humblest citizen may sometimes be heard above the tumult, my own personal position seemed to justify the assumption of instant and deep responsibility. Accordingly, at the very moment when this national misfortune occurred, immediate measures were adopted to mitigate and to repair it. Of these in their order.

1. Aware that the first intelligence of the suspension would degrade the character of the country, and subject us to the reproach of bad faith and insolvency, I addressed to you a published letter, which went to Europe at the same time with the news of the suspension. In which I ventured to pledge myself for the fidelity of our countrymen. In that letter, of the 13th of May, 1837, I said:—"In the mean time two great duties devolve on the bank and the country. The first regards foreign nations;—the second, our own. We owe a debt to foreigners, by so means large for our resources, but disproportioned to our present means of payment. We must take care that this late measure shall not seem to be an effort to avoid the payment of our honest debts to them. We have worn, and eaten, and drunk the produce of their industry,—too much of all perhaps—but that is our fault, not theirs. We may take leave hereafter,—but the country is dishonoured unless we discharge that debt to the uttermost farthing."

For this purpose—the early and total discharge of our debt to foreigners—the whole power of the Bank of the United States was devoted. In such a crisis it was evident that if resort was had to rigid curtailments, the ability to pay would be proportionally diminished;—while the only true system was, to keep the country as much at ease as consisted with its safety, so as to enable the debtors to collect their resources for the discharge of their debts. For the same purpose the bank, though entirely out of its course of business, and in some degree collision with its own exclusive interests, assumed an active agency in collecting the debts of the Bank of England,—gave every facility for the recovery of all debts, and stimulated our countrymen to this duty by earnest and constant appeals to their honour and their true interest. With what a generous emulation that appeal was answered you well know—for it touched a chord which lies deep in all American hearts. If the universal distress which pervaded the community could not be witnessed without a painful sympathy,—its melancholy was redeemed by the high and manly spirit which it roused throughout the country. For never, on its most glorious fields of battle, was there displayed a more lofty sentiment of honour and courage than was then exhibited. The honest payment of debt,—the homely duty of private life—was elevated by its universality into a sentiment of national honour,—as the whole country in mass pressed forward to its performance, as to some sacred and patriotic obligation. Whatever could be paid, was paid instantly and cheerfully; what it was impossible to pay at once, was secured with ample interest for the delay, with an utter abandonment of mere selfishness, and a disregard of any pecuniary sacrifice neces-

sary to fulfil their engagements. Accordingly the manner in which the United States have settled their immense commercial debt to Europe is a lasting monument of their integrity. No country could have better performed its duty. Even in the calmest moments of prosperity such a settlement could scarcely be imagined as was accomplished amidst the general wreck and confusion of all its great interests with which the country was afflicted. The consequence is, that the general credit of the country never stood higher than at this moment;—for it has now earned a distinction entirely exclusive and characteristic—that while the government of the United States is the only government on earth that has ever paid to the last cent its national debt, the people of the United States have discharged their private engagements with an unsurpassed fidelity;—a civil glory this, worth a thousand victories.

2. In the midst of these troubles the character of our institutions was threatened by a combination of politicians in Pennsylvania, who endeavoured to establish, as the basis of American legislation, that a charter or other engagement made by any state legislature was liable to be annulled by any subsequent legislature—and still more effectually by any political meeting called a convention—which is only another form of extraordinary legislation,—and an attempt was announced to carry that dogma into effect at a convention then approaching. The assertion of such a right by the state government, to annul all its engagements to foreigners, put forth at a moment when the country was labouring under a temporary inability to pay its debts, was calculated to destroy all confidence in the integrity of our American institutions,—and I therefore said to you in my letter, "This must not be. It must be decided whether this Pennsylvania of ours is a virtuous community or a mere society of plunders;—now will the honour of the state be relieved either at home or abroad from the stain which a few small politicians wish to fix upon her, until the convention adopts some solemn declaration that there is no power in this nation capable of violating the sacred engagements of the state authorities. That should be done, and if any efforts of mine may avail, that shall be done, for the honour of this state, for the character of her sister states, and for the stability of our popular institutions."

Accordingly, when the convention met, one of its most decided acts was the following resolution, passed on the 21st of November, 1837.

"Resolved, That it is the sense of this convention that a charter duly granted under an act of assembly, to a bank or other private corporation, is, when accepted, a contract with the parties to whom the grant is made; and if such charter be unduly granted or subsequently misused, it may be avoided by the judgment of a court of justice in due course of law, and not otherwise, unless in pursuance of a power expressly reserved in the charter."

The obligation of the state legislature to fulfil all their engagements made with foreigners—and the anxiety of individuals to pay their foreign debts, being thus established, the next care was to enable both to comply with their contracts at as little sacrifice as possible. It was due to foreigners that every debt should be paid—it was due to ourselves to make the most of our resources in the settlement. Now these resources consisted mainly in the public securities, and the staple productions of the country. The shock of suspension would of course sink both to the lowest point of depression, and it seemed expedient to save them from sacrifice by two measures applicable to each.

There can scarcely be any form of security more

safe than the pecuniary engagements of the states. They have a most luxuriant soil—valuable products—infinite natural advantages—entirely industry in developing them. They have every thing but money,—and for that they are able to pay, and willing to pay, much more than the less productive industry of Europe can afford to pay. Their loans, too, instead of being wasted in wars or extravagance, go to the direct improvement of the borrowing states,—so that there can be no better application of the means of any European capitalist than to double his income by American investments. Yet all these require knowledge—local information—the means of exciting confidence;—and it was thought most expedient to establish an American agency in London, as the common centre and the general support of all American securities,—where, in addition to the appropriate business of the bank itself, all the public and corporate stocks of the states might find shelter and protection.

3. In like manner the derangement of the currency placed the staples of the south entirely at the mercy of the foreign purchaser, who could have dictated the terms to the prostrated planter. It was thought proper to avert that evil by employing a large portion of the capital of the bank in making advances on southern produce. This had two effects—the first was to provide remittances to pay its own bonds in England, issued to the New York merchants in their extreme distress; for as the bank could not of course purchase these staples, it made advances upon them in the south, receiving in exchange bills on Europe. The second effect was to introduce into the market a new competition, and thus prevent the unconditional subjection of the planter to the foreign purchaser. These advances were made, not as in past years, on the mere personal security of the merchants,—which the confusion of all private credit would have rendered too hazardous,—but on the actual shipment of the produce to an American house in England, willing and able to protect American property from the reckless waste with which it has been too often thrown into the market, with an entire disregard of all American interests. The combination of these causes—the application of capital on this side, and the prudent reserve on the other—have saved to the planter interest an amount which it is difficult to estimate below ten or fifteen millions of dollars. I believe, too, that nearly one half of the commercial debt of this country to Europe has been paid by the mere difference between the actual sales of the securities and staples—and the prices they would have realised had they been thrown unprotected into the hands of Europeans. These measures were essentially of a temporary nature—they were measures of emergency, adopted in the midst of a public calamity, and to be discontinued with the necessity which caused them. As soon, therefore, as the capital and industry of the country had time to subside into their accustomed channels these operations were relinquished, and now they have totally and finally ceased.

4. During these movements it became important to understand distinctly the course of the government. In my letter to you of the 6th of April last, I stated my "conviction that there could be no safe or permanent resumption of specie payments by the banks until the policy of the government towards them was changed." This change was soon and happily made. On the 20th of May the specie circular, requiring payments in coin in the land offices, was repealed by congress. On the 25th of June the bill called the sub-treasury, requiring coin in all payments to the government, was negatived. In the month of July the government agreed to receive an anticipated payment of

the bonds of the bank to the amount of between four and five millions of dollars in a credit to the treasurer on the books of the bank—and arrangements were made for the more distant public disbursements in the notes of the bank. These arrangements, as honourable to the executive officers as they were beneficial to the public service, brought the government into efficient co-operation for the re-establishment of the currency, and opened the way to a resumption of specie payments. That resumption accordingly took place throughout the middle states on the 13th of August, and in many of the southern and western states soon after.

5. It remained only to aid some of the southwestern states for the same object. Their activity in extending their public and private improvements had made them debtor states, and depreciated their currency by its excess. But they had abundant resources, and perfect willingness to pay—and all that was needed seemed to be a longer period to recruit their exhausted means—so as to derive from the approaching crops, by a short anticipation, ability to meet their engagements. The Bank of the United States has used its utmost endeavours for that purpose, by making advances to the amount of many millions to the banks in those states; all of whom will, it is presumed, by the month of January, resume specie payments, and thus complete the circle of resumption throughout the whole Union.

And now, upon reviewing the events which followed the suspension, it is a source of great gratification to see that all that it was designed to do, has been done.

It was proposed to protect the character of the country from the first shock of the suspension—to effect the honourable discharge of our foreign debt with the least sacrifice of the property of the debtors—to vindicate the good faith of the state legislatures—to discourage all premature attempts to resume—but, by a cautious delay for those states which were less prepared, accomplish a universal resumption. All these are done, and the troubles of the country have happily ceased.

Of the future it is difficult to speak; but in that future the Bank of the United States will no longer occupy its past position. The Bank of the United States had ceased to be a national institution in 1836, and was preparing to occupy its new place as a state bank, when the troubles of 1837, forced it in some degree back into its old position; and it then devoted all its power to assist in carrying the country unhurt through its recent troubles. Having done this, its extraordinary duties ceased. For the future, it abdicates this involuntary power. It has no longer any responsibility to the Union. It has no longer any controversies with the government of the Union. It now desires only repose, and it will take its rank hereafter as a simple state institution, devoted exclusively to its own special concerns.

I rejoice, too, that this new position of the bank solves me from many cares and duties. In the general confusion of public affairs during the last two years it has been my lot to be more prominent than my own inclination prompted, and often to assume a station which would have better fitted others. But public calamities justify the apparent forwardness they require,—as great dangers are best met by defying them. My task is now ended—and I gladly withdraw from these responsibilities, carrying with me the only satisfaction I ever sought in them,—the consciousness of having done my duty to the country as a good citizen.

With great regard, yours, &c.

N. BIDDLE.

BANK OF THE UNITED

Date.	Loans and discounts.	Real estate.	Bank's houses & permanent expenses.	Due by European bankers.	Due by State banks.	Notes of State banks.	Specie.
1832, Jan.	\$66,293,707	\$2,136,525	\$1,159,637	\$91,668	\$3,944,847	\$2,171,676	\$7,038,823
July	67,416,081	1,829,889	1,174,176	630,144	4,774,187	2,165,555	7,519,083
1833, Jan.	61,695,913	1,855,169	1,181,071	3,106,833	3,688,143	2,292,655	8,951,847
April	64,323,929	1,832,846	1,181,071	3,942,019	2,828,040	2,226,936	9,001,661
July	68,369,897	1,809,289	1,187,238	1,911,044	2,768,324	2,523,857	10,098,816
Oct.	60,094,202	1,787,406	1,187,238	2,375,390	3,619,741	2,431,399	10,663,441
1834, Jan.	54,911,461	1,741,407	1,189,125	1,801,669	3,058,870	1,982,640	10,031,237
April	54,806,617	1,704,322	1,221,306	2,255,090	2,606,724	1,608,651	10,190,008
July	51,024,972	1,741,878	1,222,443	3,697,413	2,565,584	1,564,556	12,823,997
Oct.	46,006,791	1,821,525	1,215,943	3,127,982	2,127,438	1,568,247	15,561,374
Nov.	45,754,201	1,809,845	1,215,943	2,727,781	2,036,103	1,341,094	15,910,045
Dec.	45,370,088	1,752,141	1,215,943	2,761,222	2,194,475	1,635,970	15,680,937
1835, Jan.	51,809,739	1,760,632	1,218,896	1,922,498	4,609,973	1,506,200	15,708,369
Feb.	55,524,806	1,759,786	1,218,896	2,340,643	2,862,723	1,778,710	16,369,525
March	57,814,404	1,765,350	1,218,896	2,892,835	2,261,477	2,173,925	16,567,893
April	60,100,216	1,775,224	1,218,896	2,421,354	2,036,291	2,055,862	16,448,814
May	61,919,425	1,774,040	1,218,896	2,457,937	2,983,737	3,340,702	14,385,843
June	63,642,646	1,775,736	1,218,395	2,007,145	4,000,158	3,018,066	13,912,577
July	65,197,692	1,768,345	1,218,395	2,378,669	3,904,537	2,073,826	13,429,398
Aug.	64,314,518	1,736,175	1,212,395	2,258,886	8,730,454	1,710,513	12,883,968
Sept.	61,787,020	1,678,416	1,212,395	1,885,135	3,080,268	2,269,806	12,840,781
Oct.	60,163,249	1,679,305	1,200,806	1,810,897	3,456,832	1,707,575	12,545,652
Nov.	57,529,053	1,690,329	1,143,629	685,753	3,514,564	2,349,808	10,224,675
Dec.	57,144,258	1,691,356	1,076,581	212,272	3,767,355	2,642,389	8,749,920
1836, Jan.	59,232,445	1,486,561	967,404	73,171	4,088,005	1,736,491	8,417,988
Feb.	60,191,478	1,486,158	967,404	546,299	4,611,046	2,319,871	7,650,589
March	58,345,107	1,452,492	881,504	115,589	4,376,267	2,350,591	6,224,197
•	52,511,081	2,570,318	474,657	1,303	4,908,652	2,207,647	5,595,077

NOTE.—The accounts of the bank for the years 1832, 1833, and from January to October, 1834, have been taken from the "general statement" appended to Mr. Tyler's report, with the exception of the amounts "due by state banks, due to state banks, dividends unpaid, and capital," which have been taken from the returns published by order of congress.

The accounts from November, 1834, to October, 1835, have been taken from returns made to this department, but not printed.

The residue of the table has been formed from the returns published by order of congress.

* Value of the assets, capital stock, and claims against the bank on the 3d of March, 1836, as given in the "report of a joint committee of the boards of directors of the late and present Bank of the United States," July 25, 1836. See senate document, 24th congress, 2d session, No. 118. In this valuation the suspended debt and the real estate are made one item.

PENNSYLVANIA BANK OF

Date.	Bills discounted on personal security.	Bills discounted on bank stock.	Bills discounted on other securities.	Domestic bills of exchange.	Foreign bills of exchange.	Total of bills discounted & bills of exchange.
1836, March 31	\$17,998,368	\$2,951,512	\$18,914,952	\$16,524,419	\$114,285	\$56,503,536
May 2	11,371,031	5,920,058	22,967,348	17,029,111	114,285	54,401,826
May 30	9,598,094	2,928,547	24,509,323	15,362,543	268,385	52,664,824
July 4	12,162,434	2,885,374	20,404,921	13,438,820	109,049	58,006,600
August 1	14,236,490	2,889,141	27,879,110	12,532,354	109,477	57,646,573
Sept. 1	14,863,374	2,880,137	27,951,287	11,793,938	73,962	57,562,600
Sept. 29	15,096,892	2,841,379	27,900,009	11,156,549	74,109	57,068,940
Oct. 31	14,817,638	2,826,735	28,817,878	11,012,191	74,335	55,548,779
Dec. 1	14,566,008	2,775,860	25,679,478	11,907,433	—	54,928,790

NOTE.—In addition to the above, the following amounts were due to the United States Bank by European bankers, viz:

August 1, 1836,	•	•	•	•	•	•	\$1,872,479
Sept. 1, "	•	•	•	•	•	•	100,438

STATES—Continued.

Circulation.	Deposites by			Dividends un- paid.	Due to State banks.	Due to European bankers.	Capital.
	United States Treasurer.	Public officers.	Other depos- itors.				
\$21,355,724	\$8,258,155	\$4,331,207	\$8,107,155	\$64,917	\$1,951,103	\$1,447,748	\$35,000,000
20,520,068	9,568,123	2,303,982	8,115,367	72,399	2,321,406	—	35,000,000
17,518,217	4,180,813	8,571,730	7,518,677	76,529	2,091,891	—	35,000,000
18,033,205	4,514,670	3,952,159	10,265,605	130,419	3,029,787	—	35,000,000
19,366,555	3,312,012	3,199,490	9,868,728	1,290,589	2,282,729	—	35,000,000
19,128,189	6,691,883	3,176,551	8,008,862	101,691	1,331,168	—	35,000,000
19,208,379	1,973,452	2,057,056	6,734,866	73,181	1,522,124	—	35,000,000
17,251,264	372,599	2,560,266	7,166,028	96,720	2,010,986	—	35,000,000
16,641,997	305,226	2,370,206	6,735,863	67,164	2,156,797	—	35,000,000
15,637,676	351,654	1,698,699	6,912,591	118,533	2,946,144	—	35,000,000
15,968,731	429,465	1,572,173	6,741,752	82,791	2,950,095	—	35,000,000
15,603,446	441,988	1,432,783	7,144,716	70,982	3,267,871	—	35,000,000
17,339,797	431,248	2,190,193	7,844,798	1,290,666	3,119,172	—	35,000,000
19,733,527	744,297	2,014,488	8,755,419	257,052	4,324,491	—	35,000,000
19,519,777	690,704	1,892,722	8,934,807	141,963	5,611,634	—	35,000,000
20,544,736	710,744	1,752,904	9,372,204	98,930	6,023,344	—	35,000,000
20,347,936	845,062	1,439,837	9,383,954	84,815	6,101,048	—	35,000,000
22,009,474	510,999	1,299,561	10,549,197	76,057	4,691,857	—	35,000,000
25,332,820	475,410	1,210,700	9,558,757	70,824	5,969,593	—	35,000,000
24,329,222	411,097	1,039,150	8,508,041	236,115	5,533,375	—	35,000,000
23,645,122	327,552	1,016,016	7,870,462	143,603	4,026,714	—	35,000,000
24,403,074	206,467	972,659	6,708,750	119,008	4,108,627	—	35,000,000
23,031,667	3,927	728,107	5,406,962	105,277	2,838,993	—	35,000,000
22,113,902	10,588	634,331	5,058,449	72,433	2,073,819	—	35,000,000
23,075,422	625	627,192	4,369,220	64,419	2,660,694	—	35,000,000
21,802,355	19,611	572,497	2,936,770	533,345	3,031,787	—	35,000,000
20,114,227	19,584	326,909	3,484,143	250,453	3,412,417	371,777	35,000,000
21,109,352	17,395	306,855	3,390,418	253,937	2,255,003	371,777	39,015,130

In the column headed "due by European bankers" is included a small amount of foreign bills of exchange. In January 1832, the bank held funded debt of the value of \$2,200; which was paid off before the 1st of March of that year.

Besides the assets included in the table, the bank during the whole or the greater part of the time which it embraces, held a small amount of mortgages, and had a claim on the United States for \$5,267 32, (not allowed by the government,) and another on the navy agent, at Norfolk, for \$40,144 17. The mortgages held by it on the 4th of March, 1836, amounted to \$56,037 67.

THE UNITED STATES.

Mortgages.	Bank's houses.	Other real es- tate.	Due from the U. S. & navy agent, Nor- folk.	Bank U. States chartered by congress.	Due from State banks.	Notes of State banks.	Specie.
\$56,037	\$315,214	\$1,196,103	\$45,411	\$599,288	\$2,444,923	\$2,284,082	\$5,079,460
56,037	208,200	1,196,775	45,411	599,288	2,818,870	2,422,889	5,020,471
56,037	264,417	1,166,687	45,411	599,349	2,522,000	2,087,050	4,528,881
79,861	165,815	1,361,822	45,411	103,782	1,601,261	1,251,029	4,064,455
124,081	534,359	1,119,481	45,411	33,789	1,456,062	1,246,011	4,997,500
132,589	506,621	993,169	45,411	33,782	1,285,991	1,604,322	4,696,693
132,589	506,268	970,465	45,411	33,789	1,722,339	1,735,694	3,424,763
144,589	506,268	899,844	45,411	33,789	5,274,212	1,812,443	3,410,181
143,859	506,268	803,028	45,411	33,782	5,009,217	2,370,195	3,275,292

PENNSYLVANIA BANK OF

Date.	Nett circulation.	Deposites.	Dividends unclaimed.	Due to state banks.	Due to European bankers.	Due officers of commonwealth of Penn.	Loans in Europe and interest on the same.
March 31, 1836,	\$18,155,396	\$2,194,231	\$ 241,900	\$1,333,372	\$ 1,547,090	\$ 98,721	—
May 2,	17,251,165	2,521,410	212,479	1,095,911	956,213	141,542	—
May 30,	13,323,659	2,074,682	203,086	1,520,992	792,892	34,804	—
July 4,	12,764,305	1,972,401	1,404,745	1,275,671	2,631,950	2,913	—
August 1,	14,027,524	2,617,819	196,315	1,610,356	—	39,636	\$ 6,788,194
Sept. 1,	11,805,454	1,944,718	139,775	1,655,994	—	91,220	6,788,194
Sept. 29,	10,480,898	1,913,137	112,696	1,347,564	603,888	44,917	6,788,194
Oct. 31,	10,044,097	1,735,588	103,517	965,213	644,016	—	6,788,194
Dec. 1,	9,733,032	1,695,480	80,400	1,146,351	622,489	—	6,788,194

PENNSYLVANIA BANK OF

Date.	Commonwealth of Pennsylvania.	Bonus and permanent expenses.	Deficiencies.	Expenses.	Discount, exchange, and interest.	Profit and loss.
March 31, 1836,	—	\$ 640,000	\$ 149,912	\$ 197,792	\$ 732,434	\$ 3,765,520
May 2,	\$ 334,138	600,000	147,872	260,093	914,614	3,765,520
May 30,	334,138	665,583	115,445	258,879	1,121,061	3,765,520
July 4,	352,357	866,828	116,999	50,106	215,986	4,291,210
August 1,	593,575	895,754	116,587	62,031	399,954	4,291,210
Sept. 1,	789,753	897,804	86,193	85,987	612,014	4,291,210
Sept. 29,	784,023	901,454	90,171	109,738	779,181	4,291,210
Oct. 31,	845,852	911,924	122,734	134,201	1,010,741	4,291,210
Dec. 1,	906,031	916,216	128,022	152,620	1,320,651	4,291,210

FREE BANKING.

Copy of a bill introduced into the Senate of Maryland in the year 1831, entitled "An act to regulate private banking."

Sec. 1. *Be it enacted by the general Assembly of Maryland,* That from and after the first day of April next, it shall not be lawful for any person or persons, or any association, to engage in, undertake or carry on banking or the business of receiving deposits of money, and making discounts and issuing as money, or as currency, or to circulate as if it were currency, or in the said banking or said business, any promissory notes payable to order, or payable to bearer, or checks, or drafts, or bills, or evidences of debt, or of issuing any checks, drafts, bills, or other evidences of debt as aforesaid, without first obtaining a license therefor as hereinafter provided, nor any longer than said license shall remain in force.

Sec. 2. *And be it enacted,* That the manner of obtaining the license aforesaid, shall be as follows: the person or persons desiring to carry on such banking, or the business aforesaid, shall by petition apply to the chancellor for permission so to do, and shall, with his said petition exhibit a list of real property, or of stocks to be vested in trust by such applicant or applicants, for securing the payment of the bills, notes, checks, drafts, and evidences of debt to be issued as aforesaid, and the chancellor shall thereupon direct the execution of a deed of trust accordingly, in such terms and with such provisions as he may deem most proper for the security of the object of said trust, and nominating a trustee in the premises, or the chancellor may accept any deed of trust actually executed and exhibited with the petition aforesaid, and on approval of a deed of trust, receiving a certificate from the clerk of the county court of the same having been deposited to be

recorded, and on having satisfactory evidence of the value of the real property or stock so conveyed, the chancellor shall determine, that a license may issue to the applicant or applicants as aforesaid, authorizing the applicant or applicants to issue and circulate in the banking and business aforesaid, notes, bills, checks, drafts, or evidences of debt to the amount, and one-fourth more of the full value aforesaid of the said real property or stocks, and not more, and on paying to the treasurer of the western shore for such license, a sum at and after the rate of one-fifth per centum on the amount aforesaid, a license shall issue as aforesaid, under the signature of the chancellor, and the great seal of the state, but no such license shall authorize the issuing, or circulating, or attempting to circulate any note, bill, draft, check, or evidence of debt, unless the same shall by the treasurer of the western shore be first stamped with a seal to be provided by the treasurer, and have the name of the said treasurer, as such, countersigned thereon, for which service the said treasurer shall be entitled to one cent for each and every one of the notes, bills, drafts, checks, or evidences of debt, so stamped and countersigned.

Sec. 3. *And be it enacted,* That when the said person or persons, or association, licensed as aforesaid, shall withdraw from circulation, and shall deliver into the office of the court of chancery any of said notes, bills, checks, drafts, or evidences of debt, the chancellor shall under the great seal aforesaid, grant to said person or persons, or association, a certificate, setting forth the extinguishment of said notes, bills, checks, drafts, or evidences, and the amount thereof, which certificate shall be recorded among the records of the chancery court, and the said certificate, or a copy from the said record under the hand of the register, and seal of the court of chancery, shall be evidence of the discharge of the incumbrance, to and for said amount of, and under

THE UNITED STATES—Continued.

Capital.	Due U. S. for capital stock.	Post notes.	Notes issued.	Notes on hand.	Notes at state bank agencies.	Notes in transit.
\$35,000,000	—	—	\$ 36,629,428	\$ 16,794,713	—	\$ 1,670,310
35,000,000	—	—	37,177,895	15,094,514	—	4,832,215
35,000,000	\$ 6,875,200	—	35,635,125	3,101,040	—	19,210,425
35,000,000	6,875,200	—	35,217,648	18,237,673	—	3,215,670
35,000,000	6,875,200	—	35,039,566	18,355,837	—	2,656,205
35,000,000	6,875,200	—	34,541,541	21,023,572	—	1,712,515
35,000,000	6,875,200	—	33,989,246	21,912,453	—	1,595,965
35,000,000	6,875,200	—	33,017,326	17,744,784	—	5,228,445
35,000,000	6,875,200	—	33,232,925	16,468,138	—	5,031,755

THE UNITED STATES—Continued.

Contingent fund, gross.	License charge, able to contain post fund.	Contingent fund, net.	Foreign exch. account.	Fund for extinguishing cost of banking houses.	Contingent interest.	Due from U. S. Bank & offices.	Due to United States Bank and offices.
\$5,943,368	\$ 4,218,202	\$ 1,625,165	\$ 1,033,052	\$ 1,104,223	\$ 656,328	\$ 29,138,111	\$ 29,422,189
5,943,368	4,114,534	1,828,834	981,867	1,104,223	783,052	24,797,763	21,821,800
5,943,368	4,465,369	1,477,998	996,889	1,104,223	742,451	23,439,669	23,489,213
5,943,368	4,464,365	1,479,002	1,054,529	1,070,600	706,773	30,539,078	30,515,730
5,943,368	4,452,914	1,490,454	1,213,618	1,070,600	690,740	31,189,571	29,838,302
5,943,368	4,394,624	1,548,663	1,391,628	1,070,600	689,360	30,017,921	30,190,454
5,943,368	4,406,522	1,536,845	1,366,827	1,070,600	657,673	44,921,912	44,858,085
5,943,368	4,407,736	1,535,571	1,366,943	1,070,600	617,881	44,687,374	44,270,495
5,943,368	4,619,790	1,323,577	1,323,517	1,070,600	586,052	35,553,479	34,749,350

said trust, and to obtain a further issue of notes, bills, checks, drafts, or evidences in place of those extinguished as aforesaid, the said certificate shall be first surrendered to the chancellor, or satisfactory evidence given of its being lost or destroyed, in which last case, public notice of the application shall be given in some newspaper, of such further issue being applied for, before said issue shall be allowed, the said notice to be ordered by the chancellor as he shall direct.

Sec. 4. *And be it enacted*, That the said deed of trust shall contain such provisions that the said licensed person or persons, or association, may, on application to the court of chancery, be authorized to give public notice as the court shall direct, for all holders of the said notes, bills, checks, drafts, or evidences of debt, issued under said license, to file the same in court by a certain day, by the court to be assigned, in order to the payment of the same, and that any notes, bills, checks, drafts, or evidences of debt, not filed on or before the said day, shall cease to be entitled to the benefit and security of said deed of trust, and shall thereafter be chargeable only against the said person or persons, or associations.

Sec. 5. *And be it enacted*, That the said deed of trust shall provide that the trustee or trustees, shall keep all buildings that may be on the real property of the said trust, insured against fire, for the full value thereof, as estimated by the insurers, or for such the highest amount less than that which it may be practicable to have the same insured at, to and for the use, and benefit of said trust, and the said trustee or trustees, shall be entitled to have and receive from the person or persons, or association aforesaid, the amount of premium or consideration paid for such insurance, and shall covenant in said deed accordingly to keep such buildings so insured.

Sec. 6. *And be it enacted*, That the authority and

duty hereby granted and prescribed to the chancellor, and to the treasurer respectively, are extended also to the several county courts in the stead of said chancellor, and to the clerks of such courts in the place of the said treasurer, and in all the provisions of this act, are accordingly declared to apply to such county courts and clerks, and to the records of such courts.

Sec. 7. *And be it enacted*, That it shall and may be lawful for said chancellor, and the county courts respectively, either ex-officio, or on the application, or at the instance at any time or times, of any person, whomsoever, to be ordered to be summoned, the person or persons, or association of persons, licensed as aforesaid, for the purpose of reviewing and considering anew the security furnished as aforesaid, upon the licenses issued by such chancellor or courts respectively, and on due enquiry to exact in such manner, and on such terms as to the said chancellor or courts shall seem fit, new, or further security as aforesaid, in default of which being furnished to the satisfaction of the chancellor or county courts respectively, as prescribed by said chancellor or courts, the said license shall be null and void to all intents and purposes.

Sec. 8. *And be it enacted*, That nothing in this act contained, shall be taken to authorize the issuing under such license aforesaid of any note, bill, check, or draft, or evidence of debt, as aforesaid, purporting to be for the payment of any sum of money less than five dollars, and for any violations of any of the prohibitory provisions of this act, the person or persons offending, shall forfeit and pay a sum, at the discretion of the court adjudging the case, not less than three thousand dollars, nor more than ten thousand dollars, recoverable, or to be enforced in the name of the state, by action of debt on this act or by indictment, one half of which penalty shall be for the use of the informer, and the other for the use of the state.

SAC. 9. And be it enacted, That in order to obtain the benefit of said security, and payment and satisfaction, by and from the property or stocks given in security as aforesaid, it shall not be necessary in any proceeding in equity, that may for that purpose be instituted by any holder or holders of any notes, bills, checks, drafts, or evidences of debt as aforesaid, to make defendants or parties to such proceedings, all or any other holders of notes, bills, checks, drafts, or evidences of debt, issued under such license, but in place of making such defendants or parties, it shall be sufficient for the complainant or complainants, under order of the court prescribing the terms and periods of the publication, to give notice by publication, in some newspaper in the place or places which the court shall fix and select, of the substance and object of such bill, saving to the holders not made defendants or parties as aforesaid, the right of applying to the court at any time before a final decree on the case, and of being made parties as aforesaid on such terms as to the court shall see right under the circumstances of the case.

SAC. 10. And be it enacted, That none of the acts of assembly of this state limiting the time for commencing any suit or action shall be deemed to apply to the case of any such notes, bills, checks, drafts, or evidences of debt.

SAC. 11. And be it enacted, That the chancellor or county courts aforesaid, may at any time, and from time to time, on application of the person or persons named as aforesaid, accept, in the place of real property given as security as aforesaid, any stocks, and real property in the place of stocks, as to the whole or any part of such security, in such manner and subject to such orders and directions as to the chancellor may seem right, whereupon the real property or stocks for which the said security shall be so accepted, shall be discharged of all incumbrance and liability under the trust or security aforesaid.

SALES OF STOCK AT PHILADELPHIA.

December 17.

19 shares	Mechanics' Bank,	52	35
5 "	Schuylkill Bank,	48½	50
16 "	Girard Bank,	50½	50
112 "	Kentucky Bank, opening,	89½	100
40 "	Girard Trust,	25½	25

SALES OF STOCK AT NEW YORK.

December 15.

1580 shares	Del. and Hudson Canal,	71	71½
314 "	Vicksburg Bank,	80	79½
161 "	Ohio Life and Trust,		105
50 "	New Orleans Canal,		88
293 "	Mohawk Railroad,	62½	62½
220 "	Patterson Railroad,	58	58½
455 "	Harlem Railroad,	43½	44½
275 "	Boston & Providence R.R.,	105½	106
245 "	Stonington R. R.,	23	25
25 "	Utica Railroad,		121

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

December 15.

Bills on London, 60 days sight,	84	a 10	p. cent. prem
" France,		5 15	a 17½ fr. p. doll.
" Holland,		40½	a — cts. p. guilder.

Bills on Hamburg,	"	30½	a 26½ cts. p. mark.
" Bremen,	"	—	a 80½ cts. p. rix doll.
" Boston, at sight,		per a ½	discount.
" Philadelphia,	"	per a ½	do.
" Baltimore,	"	½ a ½	do.
" Richmond,	"	1 a 1½	do.
" N. Caroline,	"	2 a —	do.
" Charleston,	"	1 a —	do.
" Savannah,	"	2 a 2½	do.
" Augusta,	"	2 a 2½	do.
" Mobile,	"	3½ a 4½	do.
" New Orleans,	"	1½ a 1½	do.
" Louisville,	"	2 a 2½	do.
" Nashville,	"	5 a 6	do.
" Natchez,	"	7 a 8	do.
" St. Louis,	"	2½ a 3½	do.
" Cincinnati,	"	1½ a 2½	do.
" Michigan,	"	10 a 12	do.
" Detroit,	"	4 a 5	do.
American gold,		7	premium.
do. new coinage,		per a ½	do.
Spanish dollars,		4½ a 5	do.
Carolus do.		6 a 7	do.
Mexican dollars,		1½ a 2	do.
Half dollars,		per a ½	do.
Five-franc pieces,		34½ a 35	cents each.
Doobloons,		\$16 65 a \$16 75	do.
do. patriot,		15 65 a 15 75	do.
Sovereigns,		\$4 85	each.

WEDNESDAY, DECEMBER 19, 1838.

As connected with the history of free banking, which is possibly destined in the United States to supersede the present system of charters of incorporation, we publish to-day a copy of a bill, that has but recently fallen under our notice, which was introduced into the senate of Maryland so long ago as the year 1831, by Charles F. Mayer, Esq. of Baltimore. That gentleman, as we learn, exerted himself unsuccessfully to secure its passage; and on a subsequent occasion, in the year 1834, produced before a local convention in Baltimore, as chairman of a committee on banks and currency, a very sound and able report on a project then agitated in that city, of establishing a bank having three-fourths of its capital permanently invested in mortgages. The similarity, as to principle, of Mr. Mayer's bill and the New York general banking law, would induce one to suppose that the framers of the latter were acquainted with the former. Indeed we have understood that a copy of the Maryland bill was transmitted to a member of the New York senate, during the session preceding the last, and that some of the New York capitalists have years since been in possession of it. New York, therefore, although she is entitled to the credit of having led the way in this improved system of banking, was not the only state in which efforts for its introduction had been displayed. As regards the principle of permanent investment in landed security, Maryland in fact took the lead of New York. An act was passed at the December session of 1835, incorporating the "Real Estate Bank of Baltimore," with a capital of five millions of dollars, of which one million was to be paid in money, and four millions in real estate.

THE FINANCIAL REGISTER

OF THE

UNITED STATES.

DEVOTED CHIEFLY TO FINANCE AND CURRENCY, AND TO BANKING AND COMMERCIAL STATISTICS.

"It is the interest of every country that the standard of its money, once settled, should be inviolably and immutably kept perpetually. For whenever that is altered, upon whatever pretence soever, the public will lose by it.
"Men in their bargains contract, not for denominations or sounds, but for the intrinsic value."—*Locke on Money.*

Vol. II.

WEDNESDAY, DECEMBER 26, 1838.

No. 26.

REPORT FROM THE SECRETARY OF THE TREASURY ON THE FINANCES.

[Concluded from page 301.]

Soon after the suspension, this department urged the deposit banks to use their utmost efforts to resume specie payments at an early day.

It was pressed that each, as an act of sound policy, no less than of strong moral obligation and imperative duty under the laws, should resume specie payments the moment it was able safely to effect them; or, at least, that all the banks in particular neighbourhoods, cities, counties, and states, should unite in doing this, whenever able, without waiting for weaker institutions or more embarrassed regions of the country.

The adoption of that course in some states, however much the measure was questioned at the time, and perseveringly opposed by many banks as well as influential individuals, has proved fortunate, and reflects great credit on the sagacity, firmness, and intelligence of those who adopted it. The encouragement given by the department to such institutions as resumed specie payments, by taking no paper but theirs for public dues, and by preferring them in the transaction of public business, was not without salutary influence. Suits against the banks in default, unless apparently insolvent, were also forborne, and drafts continued, with great advantage, to be issued gradually on all that were disposed to make satisfactory arrangements with the public creditors, and thus lessen those large immediate liabilities which stood in the way of early resumption.

Indeed, every facility was promised and extended, which the limited power of the department permitted; and, on its recommendation, further measures of reasonable indulgence to the merchants and banks indebted to the government received the prompt attention of congress, and doubtless contributed much to shorten the suspension.

Under the laws granting such indulgence, the aggregate of merchants' bonds, the payment of which was postponed, is supposed to have reached between four and five millions of dollars. The chief benefit of this measure was felt in the Atlantic section of the country, while a similar extent of relief was experienced principally in the west and southwest, by the allowance to the banks of a long delay in paying the balances due from them.

The curtailment of paper issues, which was urged by this department in 1836 as indispensable to prevent impending disasters, and in 1837 as equally indispensable to remove them and restore specie payments, has, since their suspension, equalled at least thirty millions of dollars. Another striking fact is, that the curtailment was most rapid and thorough in those sections of the country where the resumption of specie payments first took place, and the exchanges were first equalised. The difference is believed to be still more striking be-

tween May 1837, and May 1838. Nor has this event been accompanied, as many predicted, by any ruinous fall in the prices of labour, or of our great staple commodities. As a further illustration of some of the real causes and cures of the embarrassments in the currency, it is computed that within a year from the suspension, a reduction was effected in bank discounts exceeding forty millions; that there was an increase of the whole amount of specie in the country, five millions; and that the aggregate at this time must be from eighty-five to ninety millions of dollars. The official returns of the imports and exports of gold and silver during the year ending September 30, 1838, are given in the table annexed, and the former in that time will be found to exceed the latter more than fourteen millions.

Intimately connected with the currency and the suspension of specie payments is the condition of the domestic exchanges during the past year, as compared with some former periods. Although in 1825 a national bank had been in full operation for several years, and in 1819 for two years, those exchanges were then quite as much deranged between most places as in 1837. But of late they have improved more rapidly than in the two former periods, without receiving any aid from new banking incorporations by the general government.

This fact demonstrates, that the great nominal difference in exchanges at both periods, has been produced by circumstances over which national legislation possesses but little influence.

When excessive indebtedness, or other commercial causes, render money more desirable in one place than another, then, and not till then, the legitimate difference in exchanges begins; and that difference can never be corrected by banks or legislation, but only by the great laws of trade changing the relative indebtedness and demand.

But when a nominal difference in domestic exchanges occurs, extending beyond two or three per cent. or the small actual cost of transporting specie to the most distant cities in the Union, it is the consequence, not of an unequal indebtedness alone, but of that and an unequal quality or value in the local bank currency; and which event has been produced, and can be removed, only by measures operating on the soundness of that currency. Each state has in its own power an effectual remedy for any suffering by high exchanges from this source. Independent and true to its vital interests, it can always adopt such effectual regulations in banking, as will remove the scourge of a depreciated paper, and thus avert any ruinous rate of domestic exchange.

From the whole of these considerations, it is manifest that the recent resumption of specie payments and the equalisation of exchanges, have both been facilitated by the large amount of specie which has of late years been introduced, and the course of policy pursued in other respects by the general government,

on topics connected with the circulating medium and the banks.

A restoration of equality in the foreign exchanges, also, and a perseverance in extinguishing old debts, with increased forbearance to contract new ones, either at home or abroad, have revived that foreign confidence which had been withdrawn with such disastrous precipitation. These favourable changes, united with a diminution in speculations, whether in banks, lands, or commerce, and a return to stricter frugality in individual expenses, and to more industrious energies for a livelihood, have aided good crops and some minor agencies in bringing about, with greater rapidity, events the most desirable, and a condition of the country highly auspicious. In many quarters, money has become comparatively abundant, interest lower, and trade and manufactures active.

Nothing more seems to be necessary to perpetuate the present healthy action of the currency, except a rigid adherence to the system of policy which, by honest and resolute efforts, has produced the improvement. It cannot but be wise in respect to the circulating medium, for the general government to persevere in a course which prepared the country better to meet and quickly carried it through, so fearful a crisis. It would seem prudent, likewise, for the states, profiting by past experience, to insist on reform in their banking institutions, and particularly on greater self-denial in their business, by imposing additional checks on over-issues, and stronger limitations to excessive discounts. The present system, if unchecked, has inherent defects of an alarming character; and, without indulging in timid misgivings or unjust suspicions, it may be said to tend, by its expansion and inevitable contractions, to unsettle frequently the value of labour as well as of the whole property of the country.

The general and state governments might, also, with manifest advantage, abstain from applying any stimulants to the over-action of all kinds, that, under such specious but treacherous hopes, deluded so many into the recent embarrassments.

This would not evince any hostility either to banks or to credit, when well secured and properly regulated; but would serve to avert ruin from both.

Several of the banks, which are under the control of real capitalists and officers of prudence and foresight, have become satisfied that the use of the public money for discounts, subject to the restrictions of the present deposit act, and the liabilities to refund it suddenly, which must exist with a small balance in the treasury, is attended with much inconvenience, and is likely, in the end, to prove more injurious than profitable to the banks and their borrowers, as well as to the government. So widely impressed has this conviction become, that some of those institutions have declined to receive public deposits under the special provisions of that act.

VIII.—ON THE MANNER OF KEEPING THE PUBLIC MONEY, AND THE CHANGES PROPOSED.

The present laws in regard to the keeping of the public money are defective in several particulars, which were explained in the last two reports on the finances.

The full advantages, either of the system of state banks or the proposed one of an independent treasury, are not now enjoyed; while the department, without all the securities which are practicable, is subjected to some of the inconveniences and many of the risks attending both.

The measures it would recommend as most suitable to remove the various imperfections which exist on this subject, have been so recently and fully explained,

that a reconsideration of them all, at this time, cannot be regarded as necessary.

It is deemed proper, however, to communicate to congress such details as are material for understanding with accuracy, the mode in which the public money is now kept, and for appreciating duly the importance of those additional checks and securities which, though proposed as a part of the plan for an independent treasury, appear to be imperatively required under any system.

Four of the six banks reported at the last session of congress, as retained under the deposit act of June 23, 1836, still continue to be general depositories. Of the other two, the People's Bank, at Bangor, and the Louisville Savings Institution, the former has surrendered its charter, and the latter, having ~~declined the~~ general trust, is now employed merely for special deposits. The names of the four banks retained are annexed, with the amounts in each, subject to draft on the 1st instant, and their condition generally. Collectors and receivers, residing near to these institutions have continued to deposit in them as formerly. Drafts are seldom made directly on officers so situated, nor are any considerable amounts of public money long retained by them. At points where other general depositories were needed, the department has not yet been able to complete arrangements with any banks, which were both competent and willing to be selected under the specific provisions of the deposit act.

In many of these last cases, therefore, the practice has been to leave the public money with the officers collecting it, to be held in their own custody, or placed in special deposits in banks, during the short period which might elapse before it was wanted and drawn from them by drafts in favour of the public creditors.

A list of the collectors and receivers from whom the money has generally been so drawn, and who had any amounts on hand subject to draft the 1st instant, is annexed.

The rest of those classes of officers, who have collected funds beyond the sums needed to defray their current expenditures, and who were not conveniently situated to conform to either of the above arrangements, have been required to make deposits of the same in banks to the special credit of the treasurer.

Other funds received from the exchange of treasury notes, from collections by attorneys and marshals, from patent fees and miscellaneous sources, have also, in most instances, been placed in banks to the credit of the treasurer, in special deposits, except such amounts as could advantageously be put into the mint and its branches, for the only two purposes authorized in the laws on that subject.

An exhibit is presented of the names of these special depositories, with the sums in each. The amounts retained in the mint and its branches under the provisions of those laws, are subjoined.

In the absence of suitable general depositories, some money, due from certain state banks, has been allowed to remain in deposits to the special credit of the treasurer, till it was wanted for public payments; they being, under all the circumstances, considered proper depositories for that temporary purpose. A schedule of these banks, with the sums remaining in each, subject to draft at the last returns, is annexed.

But this system of special deposits, or of deposits to the special credit of the treasurer, has, from convenience, and indeed almost from necessity, not generally corresponded with the usual forms of special deposits.

A moment's reflection will show, that any deposits not subject to be paid out by the banks in the absence of the depositor, though at times convenient for officers

living near banks, would cause much inconvenience to those residing remote from them; and that the making of frequent disbursements from it, by the latter, would be utterly impracticable. The treasurer, in common practice, should retain his funds only in such condition as will allow them to be paid out promptly on the numerous drafts which must be made in favour of claimants in every section of the country. For this purpose, when a deposit of them is made, it must be general, or, if special, it must be with an understanding or contract, not only that they are to be ready for his call at all times and under all circumstances, but that they are to be paid out on his various drafts, without his actual presence.

From these details it is apparent, that the present system of keeping the public money is very complicated, and it may be deemed fortunate that the department has been able, during the past year, to conduct large financial operations under it without great public inconveniences. Few persons can doubt, that some change in the laws on this subject is proper. But whatever plan congress may adopt, too great care cannot be exercised in providing the best possible securities. All those additional guards against defaults, which have been urgently recommended in the last two reports on the finances, or incorporated into the bill to establish an independent treasury, are considered important. Recent experience in respect to the benefits of only ordinary collateral security evinces the utility of such measures.

Thus the losses expected to be sustained from deposit banks since 1834, are very small in comparison with those sustained between that period and 1817. This, in a considerable degree, is to be attributed to the additional requirements of such security.

The improvement was voluntarily introduced by the department in 1833, and was afterwards sanctioned by congress in the deposit act of 1836.

The measure insured greater care in the management of the banks, and an increased watchfulness by the sureties in times of difficulty, to take efficient steps to indemnify the treasury.

With a view to illustrate further the effects of requiring collateral security, in cases both of banks and collecting officers, as well as to communicate interesting facts in connection with the safety of keeping the public money from the foundation of the government, several tabular statements, prepared by the department, are herewith presented.

First. A list of the banks still indebted to the United States, for defaults previous to the close of 1834, none of which are believed to have given, originally, any collateral security, is annexed. The whole amount now due, without computing interest, equals \$1,000,678; and a great part of this must be regarded as a total loss.

Second. Another list of indebted banks is annexed, most of which gave collateral security. The remaining dues from them to the treasurer, on defaults accruing between 1834 and October, 1837, though at first very large, have been reduced to about \$2,400,000, and most, if not all, of these debts, with some others, owing to public disbursing officers, for money on deposit, it is confidently expected will in the end be paid.

The first instalment due from those which have since executed other bonds and given new security under the act of October 1837, has been promptly met, and portions of the second have already been advanced by some of them. Suits are pending against only two on account of their liabilities.

Thirdly. The eventual losses sustained from re-

ceivers and collectors, while, as a part of the bank deposit system, they were collecting the public funds to be afterwards placed for safe keeping in banks were, at the last session, estimated at a sum ranging from \$900,000 to \$1,200,000. (See printed report to house of representatives 28th Feb., 1838, No. 101.)

Collateral security had generally been taken of these officers; but in former times it was not always in so large amounts and with so great care as of late, and consequently most of the foregoing losses happened many years ago.

A list of all those officers who, on the 12th of October, 1837, the time designated in the resolution of the house of representatives, stood on the books of the treasury, as having neglected to settle their accounts in season, may be seen, with the amount charged to each, in the printed report made on the 15th of Jan last, (document No. 111.) But several of these were not then actually indebted to the United States, though, having neglected to adjust their accounts at the treasury, they came within the express words of the resolution, and consequently were included. Some defaults have occurred or been discovered since October, 1837; but it is not apprehended that any losses will ultimately be sustained from them except in the case of the former collector of New York. That case has been recently detected, and the defalcations are supposed to have been continued for many years, and to have reached a large amount. From their character, they could perhaps have been effectually prevented only by penalties for false returns, a system of cash duties, and personal inspections of money and vouchers, with punishments for misuse of the public funds, similar to what was urged in the report from this department on the finances, in September, 1837. It is intended to make the particulars of this case the subject of a special report to the president, for the consideration of congress.

The requirement of collateral bonds has undoubtedly diminished many of the losses before mentioned. But notwithstanding every precaution and security heretofore in force, the whole of these defaults, whether by collectors, receivers, or banks, have occurred under the old systems of making deposits in a United States Bank or state banks for safe custody.

Under either of these systems, if unreformed, congress must continue to employ officers to collect the public money, as well as banks to keep it after collected, with all the former risks and probable losses incident to both classes of agents. But the proposed plan of an independent treasury, with all its checks and guards, will diminish the number of risks, and tend, in several respects, to strengthen the public security. By requiring the officers now employed in collections to hold most of the money for a time in deposits, it adopts only a part of the agents under either of the former systems; and hence, dispensing with the banks, unless it may be for a few strictly special deposits, avoids most, if not all, of the risks and losses which have been sustained from that class of agents.

It is true that under this plan it is contemplated to impose on collecting officers the duty of keeping somewhat longer, in a few cases, and in sums somewhat larger in others, the money which, under the other systems since 1789, those officers have collected; and three or four new offices are proposed to be established, to hold general receipts in deposits at a few central points. These changes are all the material ones which have been recommended on this point. But, to increase the public security under all duties new or old, as well as those of any new agents, ample bonds are to be required; occasional examinations of their funds and accounts, of a new and rigorous character, intro-

doed; the use of the former strictly prohibited; and new and severe penalties should be imposed on fraud, falsehood in returns, and embezzlements, by rendering them penitentiary offences.

Honest diligence can never suffer by these changes, while carelessness in business and laxity of principle will be prevented, or exposed and properly rebuked.

Additional safeguards like these are also of vital importance in a moral view, by more effectually preventing as well as punishing wrong.

They are, therefore, earnestly urged again on the consideration of congress. Whether looking to further security or other important ends, one of the most desirable alterations, which is incorporated in the plan of an independent treasury, provides that any use of the public money for private purposes be hereafter considered illegal, and punished as a dangerous breach of trust. The experience of the last few years demonstrates the propriety of such an organic change of our system, whoever and whatever may be the fiscal agents employed. The change, so far as respects mere collecting or disbursing officers, will have a decisive tendency to preserve not only the government, but them and their securities, from those losses which it was never contemplated they should hazard, by making loans or speculations with funds held in sacred trust for purposes entirely public in their character, and constant in their demands. Had such a provision been adopted early in our legislation, doubtless it would have prevented most, if not all, of the losses heretofore sustained from those classes of officers, and much wretchedness which has befallen both principals and sureties. Some of the earliest acts of congress wisely prevented officers of the customs, and of the treasury department, from being concerned in commerce, or dealing in the public lands, or public stocks. These restrictions were doubtless introduced chiefly with a view to remove the temptation and hazard incident to the possession of the public money. But the prohibition to employ that money for private purposes, under severe penalties, has not yet been introduced, except in substance in the mint, by making embezzlements there punishable as felonies. Its expediency has been urged by the department heretofore, and seems to be confirmed by experience as well as theory. The success of such a provision in the mint, where no losses from its establishment to the present moment, have for so many years, and after having the custody of so many millions of money, been known to occur, is a very striking illustration of its efficacy.

Finding that no new act on this and some similar points was passed by congress at its late session, a circular, bearing on them, was issued by this department, soon after the adjournment, a copy of which is annexed.

In regard to deposit agents, heretofore consisting chiefly of banks, the change from former usages, which would be introduced by such a prohibition, would be greater. But the present condition of the treasury and of the country is highly auspicious for the reform. Diminished as is the balance of the public money now on hand, and manifest as is the policy of the government to keep it so hereafter, the apparent pecuniary disadvantage caused either to the banks or their customers would be slighter than at any former period.

In the mean time, and under the speculating mania of the age, the alteration would yield a most valuable protection against the recurrence of disastrous adventures, so far as stimulated by the more easy loans of such funds, through bank depositories, and against the consequent losses to the institutions themselves, as well as bankruptcies and misery to numerous individuals.

Above all other considerations in favour of this change, if we advert to sound views in political economy, will be its influence in removing every temptation

to the dangerous disposition to increase taxes or revenue on account of their incidental use for assistance and capital in private enterprises. It would also restore official practice to the true theory of the constitution, which, in its primitive purity, most undoubtedly have intended that the public money should be collected solely for public purposes, and should be kept, not for the emolument of individuals or corporations, but for the single object of meeting, with promptitude and fidelity, the obligations of the government.

Originally, the departure in practice from this theory, was not, in any case, even in implied terms, allowed by congress. It was permitted only by early construction of the treasury department; and in relation to deposit banks alone, for the benefit, through them, of the mercantile interest, which constituted their principal customers and owners. But since the extinguishment of the national debt, and the accumulation of large balances in the treasury, this departure has been expressly sanctioned by congress, in the deposits act of 1838, and has tended, very undesignedly, without doubt, to place the government in the invidious attitude of a great money lender of its current funds, rather than of a surplus, and that for the apparent benefit, not of public bodies, such as states, or of all persons equally, but of particular corporations and particular classes of society immediately connected with them. Besides this, the public servants, however scrupulous, have thus become exposed to the grossest imputations of favoritism, partiality, and corruption, in making these indirect loans. A radical change in the system, in this respect, is, therefore, very desirable; and, by preventing any individual or corporate employment of the public money, would render both the possession and the superintendence of it, which are now objects of just jealousy, but more naked powers, and by their great responsibility, dangerous only to their possessors. They would become entirely useless for either political influence or private emolument, and could contribute nothing to the depraved appetite of the age for power and speculation.

But important as are the eventual safety of the public money and purity of character in its management, it must be manifest, from the remarks already made, and from the warning events of the last two years, that legislation should look not only to them, but much further.

Recent occurrences have shown that the whole treasure of the United States, when entrusted to banks, is liable, in critical periods, to be swept at once from the use and control of the general government.

The good faith of the Union may thus be suddenly placed in extreme jeopardy. Indeed, it will be fortunate if the accumulated ills of a broken public credit throughout the land are not actually added, and are not visited on the labour and pursuits of the whole people. It follows, therefore, though banking institutions have never been regarded by the undersigned as a class of agents generally unsafe, when looking to eventual losses, and though the additional securities and prohibitions before mentioned might be incorporated into some system of banks, but with less facility than into the plan of an independent treasury, that the great and wide-spread danger experienced of late from the employment of banks as fiscal depositories, is one which ought, if possible, to be avoided. Arising, as it does, from their liability to a general suspension of specie payments, the individual officers who hold money on deposit are exposed to no such calamity; and when the recent suspension happened, the specie in the possession of many of them proved exceedingly reasonable and useful in discharging the public obligations, in the manner imperatively required

by law. Though an apparent security against some of the mortifying embarrassments, resulting from such a general suspension, might be obtained by adopting a system of special deposits, yet in order to render such deposits convenient in fiscal operations, the banks must, as heretofore explained, have access to the funds, and be tempted in an emergency to use them. The changes which have been proposed in keeping the public money by an independent treasury would entirely obviate most of these dangers.

If individual agents were chiefly employed, if the several checks and securities proposed were adopted, and if the use of the public money for private purposes were prohibited, under severe penalties, candour must concede that there would be much less tendency to any of the evils heretofore described, and none to the greatest of all disasters in fiscal agents—a general refusal to meet their liabilities in a legal manner.

No cause either for special favour or hostility between the banks and the government would then exist. Without any alliance, offensive or defensive, between them, an appropriate and occasional use would still be made of the banks by the treasury, as is done by others, whenever convenience should require it. But neither party would be forced into a species of vassalage; a constant, necessary, and dependent connection, which, in the recent crisis, has been found not only perilous to public credit, but derogatory to one of the parties, and subjecting both to continued imputations of those unworthy influences so disreputable to the community as well as the government.

On the whole, it is apparent that the system of an independent treasury is more plain and simple in its arrangements than any other, and much more accordant with that originally in use after the adoption of the constitution.

It is truer to the spirit of that sacred instrument, and those elementary self-sustaining principles which belong to an independent government.

It is more free from several formidable dangers; and, under the additional guards and restrictions proposed, is likely to unite all attainable security, with efficiency and purity, in the custody of the public funds.

In fine, experience has furnished satisfactory proof that the collecting officers can, in most places, keep and disburse, as well as collect the public dues, without great inconvenience; and that the exclusive employment of banks as deposit agents, though not regarded as comparatively unsafe in relation to eventual payment, has proved embarrassing and dangerous in other respects, and is unnecessary, provided a few additional receivers, and the additional regulations, checks, and securities, which have been urged in respect to collecting officers, are adopted.

IX.—ON SEVERAL MISCELLANEOUS MATTERS.

Separate reports will soon be made on various other matters of public interest confided to the charge of this department.

These will include one on the progress made in the manufacture of weights and measures, and their distribution among the different states and custom-houses, as well as on the important survey of the Atlantic coast of the United States. Another will be submitted on the erection and discontinuance of light-houses; and others on the affairs of the general land office, and the mint and its branches.

Since last December, the sixth instalment due from France, and the fifth from Naples, for indemnities, after being punctually paid, have been transferred to this country, and distributed among the claimants. Notice has also been recently received, that the arrearages of

interest due from France upon the first four instalments have been paid, and the amount, exceeding a million of francs, will forthwith be adjusted with those entitled to it.

The Smithsonian legacy, amounting to more than half a million of dollars, has been received and invested. For particulars, reference can be had to a special report, which will be made to the president and laid before congress, under a resolution of the house of representatives.

At an early day it is intended to submit to that house a valuable collection of facts, in compliance with its resolution calling for information concerning the number of steamboats, locomotives, and other machinery moved by steam within the United States, as well as the causes of the explosion in steam boilers, and various matters connected with that interesting subject.

Such other questions of minor importance as have been referred to this office, will be answered as early as practicable.

It is hoped that the undersigned will not be regarded as too importunate, if he again expresses an earnest desire for a reorganisation of the treasury department.

With some slight changes, rendered proper by new legislation since 1835, the less complex and more efficient system at that time recommended in a separate report, would be a great improvement.

That portion of it, proposing a separation of the duties of commissioner of the customs from those of comptrolling accounts, and requiring the undivided attention of one bureau to each subject, is of the most pressing importance, and would greatly conduce to promptitude, exactness, and skill in the respective business of each.

An alteration in the commencement of the fiscal year, and a revision of the number and compensation of custom-house officers, and also of several laws connected with the collection of the imports, are measures still as desirable as when they were heretofore submitted to the consideration of congress. Some legal provision on the subject of return duties, regulating the manner of keeping them while under protest, and the mode of repayment, is necessary to remove doubts and promote the public security. The employment of more boys in the merchant service is, in some degree, connected with the customs, on account of its tendency to afford additional protection to the lives and property engaged in commerce, as well to improve the morals of mariners, and prevent smuggling, mutinies, and piracies.

The encouragement by law of such an acquisition to the marine of our country, by soon bringing into active usefulness a class of intelligent, virtuous, and able seamen, would tend materially to avert some of the numerous evils from that quarter, which now bear upon commercial energy and prosperity.

Respectfully yours,

LEVI WOODBURY,
Secretary of the Treasury.

The President of the Senate of the U. S.

ORIGIN OF THE SUB-TREASURY.

EXTRACTS FROM THE JOURNAL OF THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES.

Session of 1833-34.—June 20th, 1834.

The house proceeded to the consideration of the bill (No. 443,) regulating the deposits of the public money of the United States in certain local banks. A motion was made by Mr. Gordon to amend the said bill.*

* This amendment does not appear on the journal, but it was noticed in the National Intelligencer of the

And after debate, the house adjourned.

June 24.

The house then proceeded to the consideration of the bill (No. 443,) regulating, &c. [As above.]

The question occurred on the amendment, moved on the 20th inst. by Mr. Gordon, when a motion was made by Mr. Duncan to amend the said amendment, and after further debate, the previous question was moved by Mr. Chilton, and was demanded by a majority of the members present; when a call of the house was moved by Mr. Brown, and the roll being called twice, one hundred and seventy-five members answered to their names.

The previous question was then put, viz:—Shall the main question be now put? [this call off all amendments,] and passed in the affirmative, yeas 113, nays 77.

Those who voted in the affirmative are, Messrs. Adams, Allen, Anthony, Beale, Bean, Boardley, Beaumont, Blair, Bockee, Bodle, Boon, Bouldin, Brown, Bull, Bunch, Burns, Bynum, Cagle, Cambrelong, Carmichael, Carr, Casey, Chilton, S. Clark, Clay, Coffee, Connor, Cozler, Cramer, Day, Dickerson, Dickinson, Dunlap, Felder, Forester, Fowler, P. C. Fuller, W. K. Fuller, Fulton, Galbraith, Gamble, Hall, Halacy, Hannegan, Jas. M. Harper, Harrison, Hathaway, Hawkins, Hawes, Hazeltine, Henderson, Howell, Hubbard, A. Huntington, Inge, Jackson, Jarvis, R. M. Johnson, N. Johnson, Cave Johnson, B. Jones, Kavanagh, Kinnard, Lane, Lansing, Laporte, Lea, Lee, Leayitt, Lyon, Lytle, Abijah Mann, Jr., Joel K. Mann, Jno. Y. Mason, M. Mason, Jr., McIntire, McKim, McKinley, McLene, McLean, Miller, Mitchell, Muhlenburg, Murphy, Osgood, Page, Parks, Parker, Patterson, Pierce, Pierson, Plummer, Polk, Schenck, Schley, Shinn, Smith, Speight, Standifer, Stoddert, Sutherland, Taylor, Thomas, Thompson, Turrill, Vanderpool, Van Houten, Wagener, Ward, Wardwell, Wayne, Whallon, C. P. White—113.

Those who voted in the negative are, Messrs. John Q. Adams, H. Allen, Archer, Ashley, Barber, Barnitz, Barringer, Baylies, Beaty, Binney, Bard, Campbell, Chambers, Chinn, W. Clark, Crockett, Darlington, Davenport, Deberry, Denny, Dickson, Duncan, Ellsworth, Evans, E. Everett, H. Everett, Ewing, Fillmore, Foster, Garland, Gibson, Gordon, Gorham, Graham, Grenfell, Hall, Hardin, Jas. Harper, Heath, Hiestler, J. W. Huntington, W. C. Johnson, Seaborn Jones, Lewis, Lincoln, Love, Martindale, Marshall, McCarty, McComas, McKay, Mercer, Milligan, Moore, Pinckney, Potts, Ramsay, Reed, Selden, Shepard, W. Slade, C. Slade, Sloane, Spangler, Steele, Thomas, Tompkins, Turner, Tweedy, Vinton, Watmough, E. D. White, Whittlesey, Wilde, Wilson, Wise, Young—77.

The main question was then put, viz:—Shall the bill be engrossed and read a third time? and passed in the affirmative, yeas 111, nays 87.

And being engrossed, the said bill was read a third time, and on the question, Shall the bill pass? it passed in the affirmative, yeas 112, nays 90.

[This bill did not pass the senate.]

21st of June, in the following terms:—"He was followed by Mr. Gordon of Virginia, in opposition to the bill. He indicated an intention to offer a substitute, providing in substance, that the collectors of the revenue shall be the agents of the treasury, and the keeper of the public revenue, which shall be paid in the current 'coin of the Union.' He was speaking when our paper was closed."—[Error.]

Session of 1834-35.—January 2d, 1835.

Mr. Gamble submitted the following resolution, which was read and ordered to lie on the table, viz:—

Resolved, That the secretary of the treasury be directed to communicate to this house, whether in his opinion, it is practicable or convenient for that department to collect, safely keep, and disburse the public moneys of the United States without the agency of a bank or banks, and if so, to report to this house the best mode, in his opinion, by which that object can be accomplished.

January 3d.

The house proceeded to the consideration of the following resolution, submitted by Mr. Gamble yesterday, viz. [Same as quoted above.]

A motion was made by Mr. Ewing to amend the said resolution by striking out these words, viz:—"That the secretary of the treasury be directed to communicate to this house, whether, in his opinion," and in lieu thereof, inserting the following, viz:—"That a select committee, to consist of one member from each state, be appointed to enquire into the expediency, and report to this house, whether, in their opinion."

A motion was made by Mr. McKim, that the said resolution do lie on the table. And the question being put on this motion, it passed in the affirmative, yeas 106, nays 87.

January 6th.

Mr. Gamble moved the following resolution, which was read and ordered to lie on the table, viz:—

Resolved, That the secretary of the treasury be directed to digest and prepare, and communicate to this house, a detailed plan by which the public revenue of the United States may be collected, safely kept, and disbursed, without the agency of a bank or banks, either state or national. [This resolution does not appear to have been afterwards called up.]

February 19.

The house then proceeded to the consideration of the bill (No. 563,) regulating the deposits of the public money of the United States in certain local banks.

A motion was made by Mr. Gordon, to amend the said bill, by striking out all thereof after the enacting clause, and inserting a new bill, when a motion was made by Mr. Ewing to amend the amendment proposed by Mr. Gordon, by striking out all thereof, after the word *that*, with which it commenced, and inserting a new bill.

And after debate, Mr. Ewing moved that the said bill, together with amendments proposed, be referred to a select committee, to consist of twenty-four members, one from each state. This motion was disagreed to by the house.

A motion was then made by Mr. Robertson, that the said bill be recommitted to the committee of ways and means, with instructions so to amend the same as to dispense with the agency or instrumentality of banks in the fiscal operations of the government.

And after further debate the house adjourned.

February 11.

The house resumed the consideration of the bill (No. 553,) regulating the deposits of the money of the United States in certain local banks.

The question occurred on the motion made by Mr. Robertson, [on 10th inst.] and after debate

The question was put on the motion made by Mr. Robertson, for the recommitment of the bill, and was decided in the negative, yeas 91, nays 115.

Those who voted in the affirmative are—Messrs. John Quincy Adams, Heman Allen, John J. Allen,

Chilton Allen, William S. Archer, William H. Ashley, John Banks, Noyes Barber, Charles A. Barnitz, Daniel L. Barringer, Isaac C. Bates, Wm. Baylies, James M. H. Beale, Martin Beatty, James M. Bell, Horace Binney, George N. Briggs, Tristram Burges, Robert B. Campbell, George Chambers, Thomas Chilton, Nath'l. H. Claiborne, William Clark, Augustine S. Clayton, Thomas Corwin, Joseph H. Crane, David Crockett, Edward Darlington, Amos Davis, Thomas Dwyer, Edmund Deberry, Harmar Denny, John Dickson, George Evans, Edward Everett, John Ewing, Millard Fillmore, Thomas F. Foster, Roger L. Gamble, Rice Garland, James H. Gholson, Wm. F. Gordon, Benjamin Gorham, Wm. J. Grayson, George Grennell, jr., John E. Griffin, Hiland Hall, Gideon Hard, Benjamin Hardin, James Harper, Abner Hazeltine, James P. Heath, Wm. Holster, Wm. Jackson, Ebenezer Jackson, Henry F. Jones, Henry Johnson, Seaborn Jones, Robert P. Letcher, Dixon H. Lewis, Levi Lincoln, James Love, Henry C. Martindale, Thomas A. Marshall, Wm. McComas, Thomas M. T. McKennan, Charles F. Merce, John J. Milligan, Phineas Miner, Samuel McDowell Moore, Stephen C. Phillips, Francis W. Pickens, David Potts, jr., John Reed, John Robertson, Wm. B. Shepard, Wm. Slade, David Spangler, John N. Steele, Wm. P. Taylor, Christopher Tompkins, Joseph Trumbull, Samuel Tweedy, Joseph Vance, Samuel F. Vinton, John G. Watmough, Richard H. Wilde, Lewis Williams, Edgar C. Wilson, Henry A. Wise, and Ebenezer Young—91.

These who voted in the negative are—Messrs. John Adams, William Allen, Benning M. Bean, Andrew Beaumont, Abraham Bockee, Ratliff Boon, James W. Bouldin, John W. Brown, Samuel Bunch, Robert Burns, Jesse A. Bynum, Harry Cane, C. C. Cambrelong, R. B. Carmichael, John Carr, Zadok Casey, John Chaney, Joseph W. Chinn, Samuel Clark, Clement C. Clay, John Coffee, John Cramer, Rowland Day, Philmon Dickinson, D. W. Dickinson, Wm. C. Dunlap, John M. Felder, Charles G. Ferris, John B. Forrester, Samuel Fowler, Wm. K. Fuller, John H. Fulton, John Galbraith, Ransom H. Gillet, George R. Gilmer, James Graham, Joseph Hall, Thomas H. Hall, Nicoll Halsey, Thomas L. Hamer, Edward A. Hannegan, Samuel S. Harrison, Samuel G. Hathaway, M. T. Hawkins, Joseph Henderson, Edward Howell, Henry Hubbard, Abel Huntington, William M. Inge, Leonard Jarvis, Richard M. Johnson, Noadiah Johnson, Cave Johnson, Benjamin Jones, Edward Kavanagh, Daniel Kilgore, Henry King, George L. Kinnard, Amos Lane, Gerrit Y. Lansing, John Laporte, Luke Lea, Thomas Lee, George Loyall, Chittenden Lyon, Robert T. Lytle, Abijah Mann, jr., Samuel W. Mardis, John Y. Mason, Moses Mason, jr., William L. May, Rufus McIntire, James J. McKay, Isaac McKim, John McKinley, Jeremiah McLane, Charles McVean, Jesse Miller, Henry Mitchell, Robert Mitchell, John L. Morgan, Henry A. Muhlenburg, John Murphy, Gayton P. Osgood, Sherman Page, Gorham Parks, James Parker, John M. Patton, William Patterson, Dutoz J. Pearce, Franklin Pierce, Job Pierson, Henry L. Pinckney, Franklin E. Plummer, James F. Folk, Patrick H. Pope, Robert Ramsey, John Reynolds, William Schley, Aug. H. Shepperd, William N. Shinn, F. O. J. Smith, Jesse Speight, James Standifer, William Taylor, Francis Thomas, John Thomson, Joel Turrill, Isaac B. Van Houten, David D. Wagener, Aaron Ward, Daniel Wardwell, Taylor Webster, Reuben Whallon, Campbell P. White—115.

The question then occurred on the motion made by Mr. Ewing, [which was to insert a new bill of 28 sections, relative to the issuing of a national currency, under a

board of commissioners, which bill is recorded at full length in the Journal.]

And on the question, will the house agree to the amendment aforesaid? it was decided in the negative, yeas 1—(Mr. Ewing)—nays 189.

MR. GORDON'S BILL.

The question then recurred on the motion made by Mr. Gordon to amend the said bill, viz.—strike out all thereof after the enacting words, and insert, That from and after the day of in the year the collectors of the public revenue at places where the sums collected shall not exceed the sum of dollars per annum, shall be the agents of the treasurer, to keep and disburse the same, and be subject to such rules and regulations, and give such bond and security as he shall prescribe for the faithful execution of their office, and shall receive, in addition to the compensation now allowed by law, per centum on the sums disbursed, so that it does not exceed the sum of dollars per annum.

Sec. 2. And be it further enacted, That all places where the amount of public revenue collected shall exceed the sum of dollars per annum, there shall be appointed by the president, by and with the advice and consent of the senate, receivers of the public revenue, to be agents of the treasurer, who shall give such bond and security to keep and disburse the public revenue, and be subject to such rules and regulations, as the treasurer shall prescribe, and shall receive for their services per centum per annum on the sums disbursed, provided it does not exceed the sum of dollars per annum.

Sec. 3. And be it further enacted, That from and after the day of the whole revenue of the United States derived from customs, lands, or other sources, shall be paid in the current coins of the United States.

And on the question, shall the bill be so amended, it was decided in the negative, yeas 33, nays 161.

[Those who voted in the affirmative, are, those marked in Italics amongst the yeas on Mr. Robertson's motion.]

IMPORTANT LEGAL DECISION.

The Supreme Court of Ohio (in Bank) decided a case last week of unusual interest and importance.

It was an action of Assumpsit by the Bank of Chillicothe against Swayne & Minor, on a bill of exchange on New York, for \$5,000, discounted by the bank for defendants—on which the bank charged six per cent. interest and one per cent. exchange. The defendants resisted the payment of the bill on the ground that the contract was void, because the bank had charged illegal interest. It was alleged that the bank had no right to exact any per centage for exchange in addition to the legal interest of six per cent. allowed by the bank's charter. Judge Hitchcock delivered the opinion of the court, DECIDING, that the contract was not void by the general law, but was so by the special law of the charter.

The contract was considered to be inadmissible by the charter, and the plaintiffs therefore lost their case. It is consequently now the settled law of the land, that no bank has a right to demand and receive more than six per cent. interest, nor will a bank be allowed to blink or avoid the question, by charging a part as interest, and a part as exchange, where the aggregate amounts to more than six per centum per annum.

This is a most important decision and will seriously affect all the banks in the state.

The practice has been common in all the banks to charge a per centage for exchanges in addition to the interest.

The court, in delivering its opinion, took occasion to reaffirm former decisions, deciding that contracts between individuals, where more than legal interest was specified to be paid, were good so far as the principal and legal interest were concerned, but that the excess could not be recovered.

ACTS OF CONGRESS.

AN ACT to authorise the issuing of treasury notes to meet the current expenses of the government.

Be it enacted, &c. That the secretary of the treasury, with the approbation of the President of the United States, is hereby authorised to cause treasury notes to be issued, according to the provisions of, and subject to all the conditions, limitations, and restrictions contained in an act entitled "An act to authorise the issuing of treasury notes," approved the twelfth day of October last, in place of such notes as have been, or may be, issued under the authority of the act aforesaid, and which have been, or may hereafter be, paid into the treasury and cancelled.

Approved, May 21, 1838.

AN ACT to prevent the abatement of suits and actions now pending, in which the late Bank of the United States may be a party.

Be it enacted, &c. That no suit, action, judgment, or decree, now pending and unsatisfied, in which the late Bank of the United States is a party, plaintiff, or defendant, shall abate or be discontinued or dismissed, by reason of the expiration of the two years after the expiration of the charter, limited by the twenty-first section of the act of incorporation of the said bank, for the use of the corporate name, style, and capacity of said bank, for the purpose of suits for the final settlement and liquidation of the affairs and accounts of the corporation; but all such suits, actions, judgments, and decrees shall be allowed to proceed to final judgment, execution, satisfaction, and settlement, as if the said two years had not expired.

Approved March 2, 1838.

DEPOSITES WITH THE STATES.

In Senate, December 17, 1838.

The senate resumed the consideration of the bill to postpone, till the further order of congress, the payment of the fourth instalment of the deposits with the states under the deposit act of 1836.

The question being on Mr. Clay's (of Kentucky) motion to limit the postponement to the 1st January, 1840, in order that the act might not be wholly destroyed, as was now proposed by the bill, the yeas and nays were taken, and were as follows:—

Yeas.—Messrs. Calhoun, Clay of Kentucky, Clayton, Crittenden, Davis, Foster, Knight, Merrick, Prentiss, Rives, Robbins, Ruggles, Smith of Indiana, Spence, Swift, Tallmadge, Tipton—17.

Nays.—Allen, Benton, Brown, Buchanan, Clay of Alabama, Fulton, Hubbard, King, Lumpkin, Lyon, Morris, Nicholas, Niles, Norvell, Pierce, Preston, Roane, Robinson, Smith of Connecticut, Strange, Walker, Wall, Williams of Maine, Williams of Mississippi, Wright, Young—26.

The bill was then ordered to be engrossed for a third reading without a division.

RESUMPTION OF THE NATCHEZ BANKS.

Natchez Courier—Extra, {
THURSDAY, 4 P. M. Dec. 6, 1838. }

At a meeting of delegates from the Planters' Bank of Miss., the Agricultural Bank of Miss., and the Commercial Bank of Natchez, convened at the banking house of the Planters' Bank in Natchez. It was considered highly important to the public interest, that the speediest publicity should be given to their determination to resume specie payments on the first Monday in January next. It was, therefore, deemed inexpedient to wait the return of the president of the Mississippi Railroad Company, or to delay their proceedings on account of his absence, and the following resolutions were adopted:—

1. *Resolved*, That the banks represented at this meeting will resume specie payments on the first Monday in January next, by redeeming with specie, or its equivalent, all their notes, as well post notes, payable at distant periods, as notes payable on demand, when presented for payment.

2. *Resolved*, That balances now due to banks or individuals, arising from collections, deposit certificates, or deposits made since the suspension of specie payments, will be paid in the currency in which they were received.

3. *Resolved*, That for the accommodation of the public, deposits will be received and paid out in the currency in which they are made.

4. *Resolved*, That these resolutions be signed by the presidents of the respective banks, and published in the newspapers of this city.

JAMES C. WILKINS,
President of the Planters' Bank.

STEPHEN DUNCAN,
President pro tem. of the Agricultural Bank.

L. R. MARSHALL,
President of the Commercial Bank, Natchez.

Natchez, Dec. 6, 1838.

Correspondence of Journal of Commerce.

Vicksburg, Dec. 4, 1838.

"The convention have adjourned, and could not agree about resuming at any definite period. All the old River banks will resume on the first of January next. The Union Bank would not agree to resume. She has issued nothing but post notes, payable 1st of August next. I never knew money so scarce. The collections for your merchants are nothing but Union Bank, Water Works Bank of Vicksburg, &c. The Railroad Bank will not take on deposits any thing but old River banks, or such others as will resume on the 1st of January, and for all money of this kind she will give checks at four months, at par, after the 1st of January. You can get specie on exchange much lower. Brandon money has no fixed value—the bank is collecting her debts very fast, and the impression is, that in the spring her bills will improve very much. They have ceased to circulate."

The Montgomery branch of the Alabama State Bank has given notice, unconditionally, that it will resume specie payments on the first Monday in January. In giving publicity to the notice, the Journal adds, that the bank has "\$800,000 in circulation, nearly \$400,000 in specie, and \$750,000 in specie funds;" a condition which makes the banks impregnable even under the most adverse state of things, and which, in all probability, will enable it to extend its issues safely and advantageously.

TABLE

Of the value of the Exports and Imports of the United States, for the following years, ending respectively on the 30th of September, together with a column showing the Population, as ascertained at the different periods when a Census was taken.

	Articles the growth, produce, or manufacture of the U. States, exported.	Articles the growth, produce, or manufacture of foreign countries, re-exported.	Total value of exports from the United States.	Total value of imports into the United States, from foreign countries.	Population of the U. States, according to the official Census.
*1790			20,205,156	—	3,921,426
1791			19,012,041	—	—
1792	<i>Previous to 1796, the returns do not discriminate between domestic and foreign productions.</i>		20,753,098	—	—
1793			26,109,579	—	—
1794			33,026,933	—	—
1795			47,989,472	—	—
1796			67,064,037	—	—
1797	40,764,097	26,300,000	56,850,206	—	—
1798	29,860,206	27,000,000	61,527,097	—	—
1799	28,597,097	33,000,000	78,665,522	—	—
1800	33,142,522	45,523,000	70,971,780	—	5,319,762
1801	31,840,903	39,130,877	94,115,925	—	—
1802	47,473,204	46,642,791	72,483,160	—	—
1803	36,708,189	35,774,971	55,800,033	—	—
1804	42,205,961	13,594,072	77,699,074	—	—
1805	41,467,477	36,231,597	95,566,021	—	—
1806	42,387,002	53,179,019	101,536,963	—	—
1807	41,253,727	60,283,236	108,343,150	—	—
1808	48,699,592	59,643,558	22,430,960	—	—
1809	9,433,546	12,997,414	52,203,233	Period embracing the embargo, non-importation, and non-intercourse laws, and the war.	7,230,903
1810	31,405,702	20,797,531	66,757,970		—
1811	42,366,875	24,391,295	61,316,833		—
1812	45,294,043	16,022,790	38,527,236		—
1813	30,032,109	8,495,127	27,855,997		—
1814	25,008,152	2,547,845	6,927,441	Previous to October 1, 1820, the returns do not show the value of imports.	—
1815	6,782,272	145,169	52,557,753		—
1816	45,974,403	6,583,350	81,920,452		—
1817	64,781,896	17,138,556	87,671,569		—
1818	68,313,500	19,358,069	93,281,133		—
1819	73,854,437	19,426,696	70,142,521	—	—
1820	50,976,838	19,165,683	62,974,382	62,585,724	—
1821	51,683,640	18,008,029	72,160,281	83,241,541	—
1822	43,871,894	21,302,488	74,699,030	77,579,267	—
1823	49,874,079	22,286,202	75,986,657	80,549,007	—
1824	47,155,409	27,543,622	99,535,368	96,340,075	—
1825	50,649,500	25,337,157	77,595,322	84,974,477	—
1826	66,944,745	32,590,643	82,324,827	79,484,068	—
1827	53,055,710	24,539,612	72,264,686	88,509,824	—
1828	58,921,691	23,403,136	72,358,671	74,492,527	—
1829	50,669,669	21,595,017	73,799,508	70,876,920	—
1830	55,700,193	16,658,478	81,310,583	103,191,124	—
1831	59,462,029	14,337,479	87,176,943	101,029,266	—
1832	61,277,057	20,093,526	90,140,433	108,118,311	—
1833	63,137,470	24,039,473	104,336,973	126,521,332	—
1834	70,317,698	19,822,735	121,693,577	149,895,749	—
1835	81,024,162	23,312,811	128,663,040	189,980,035	—
1836	101,189,062	20,504,495	117,419,376	140,989,217	—
1837	106,916,680	21,746,360	103,136,000	112,000,000	—
†1838	95,564,414	21,854,962			
	90,666,000	12,470,000			

* The estimate for this year is from the 1st of August, 1789.

† The amounts for 1838 are thus estimated in the Secretary of the Treasury's Annual Report of 3d December 1838, the official returns not having been at that time all received.

The new banking system which has just gone into operation under the general banking law of the State of New York, is likely to be adopted at an early day in the south. A slip from the office of the Augusta Sentinel states that the lower house of the Georgia legislature has passed a free banking act, which is similar in almost every respect to that of New York. There is said to be a probability of its passage through the senate.

There is a proposition before the legislature of Georgia to establish a bank with a capital of fifteen millions. The object of this is stated in the Milledgeville Union to be "to enable the State of Georgia and its citizens to avail themselves of the superabundant capital of Europe to carry on important enterprises both of a public and private nature."

DOMESTIC INTELLIGENCE.

PLANTING MERCHANTS.—Letters from New Orleans state that the planters who last year were lured by the offer of large advances to become the shippers of their own cotton, have a terrible reverse in their affairs now. Cotton which might have been sold at \$45 or \$50 a bale, but which were shipped under advances of \$60 a bale, have been sold and the returns made, showing a deficiency of \$30 a bale, which the planters are now called upon to refund, and in much better money than they received. The letters say that few planters will be found stupid enough to be taken in that trap this year.

COTTON.—The New Orleans Bulletin of the 3d inst., publishes a statement of the probable amount of the cotton crop for the year 1838-9—prepared it asserts with great care, from the reports of the planters generally—and confirmed by persons of experience who have recently traveled through the cotton districts, and are fully qualified to give an opinion on the subject. The crop in Virginia and North Carolina is estimated at 30,000 bales; in South Carolina and Georgia, at 450,000 bales; in Florida at 90,000 bales; in South Alabama at 275,000 bales; in the lower valley of the Mississippi, at 500,000 bales; and in Tennessee and Alabama at 80,000. Total 1,621,000.

Estimating the consumption of Great Britain and the continent of Europe at 1,350,000 bales, and that of the United States at 271,000, we have for the entire consumption of the years 1838-39, 1,621,000 bales—and allowing that the stock in Europe at the present time is, say 170,000 bales, more than desirable and proper to maintain healthy prices, there would still be only 1,520,000 bales of a supply to meet a demand for 1,621,000 bales, according to the above calculation.

RESUMPTION IN TENNESSEE.—Extract from a letter from a gentleman of high respectability in Tennessee to a gentleman in this city, dated 1st Dec. "The banks of Tennessee will resume payment on the 1st of January, with more positive ability than any other in the United States."—*Eve. Post.*

NASHVILLE MARKET, Nov. 29.—Our money market is tight beyond all precedent. The new bank is discounting to the extent of its means, but the supply it is enabled to furnish, falls incalculably short of the demand. When this state of things is to cease, it is difficult to conjecture. The country is largely in debt, and has little or nothing to sell. Should the old banks, after resuming on the 1st January, be in a condition to expand, be it never so little, some relief may be ex-

pected. The banks cannot get the country out of debt. We look forward to the next year as one of great and general distress in pecuniary matters throughout the state. The cotton crop is almost a failure. Competent judges think that the amount which will be shipped from this point cannot exceed 8,000 bales; 4,000 is regarded as a liberal estimate of the amount that will go down Elk and Duck river. There are conflicting opinions as to the crop of the western district. Some estimate it at 12,000, and others as high as 20,000 bales. The last is probably nearest the mark. The tobacco crop is inconsiderable. After much enquiry we feel satisfied that the corn crop, in the aggregate, is considerably larger than has been supposed. Abundantly sufficient, we think, for home consumption at lower prices than are now anticipated. Pork is easily procured at \$5 to \$5.50.—*Denver.*

STATE STOCKS.—The sum of \$288,000 stock of the State of New York, bearing interest at the rate of four and a half per cent., and payable at the pleasure of the state after 1864, was sold by auction on Saturday, at \$90 cash, for \$100 stock, all taken by one purchaser.

SOUTH CAROLINA.—Gov. Butler's message to the South Carolina Legislature speaks of the prosperous condition of the state banks. The profits of the State Bank of South Carolina last year were \$196,530. The total amount of banking capital in the state is \$9,158,498, and their notes in circulation, individual deposits, and other liabilities, \$9,962,220.

We understand that the bills of all the Rhode Island banks are now received at the Suffolk Bank, except those of the Rhode Island Central, at East Greenwich.—*Boston Daily Advertiser.*

SALES OF STOCK AT PHILADELPHIA.

December 24.

1 share U. S. Bank,	122	100
5 " Mechanics' Bank,	51½	35
6 " Schuylkill Bank,	48½	50
30 " "	48½	
15 " Girard Bank,	50½	50
10 " M. & M. Bank, Pitta.	55	50
25 " North Bank, Ky., full,	95	100
15 " Plant. Bank, Miss., A & F.	100½	100
25 " Vicksburg Bank, 7 days B.	77½	100
50 " " " "	77	
10 " " " "	76½	
20 " " " 60 days B.	76½	
2 " Phil. & Tren. Railroad,	119	100

SALES OF STOCK AT NEW YORK.

December 22.

75 shares U. S. Bank,	122½	122½
1230 shares Del. and Hudson Canal,	74	74½
375 " Ohio Life and Trust,	108	108
305 " Vicksburg Bank,	77½	77½
85 " Kentucky Bank,	92½	88
25 " New Orleans Canal, Bank,		
25 " New Orleans City Bank,	108½	
30 " Planters' Bank, Miss.	100	
275 " Mohawk Railroad,	66	
25 " Patterson Railroad,	61	
425 " Harlem Railroad,	48½	48
36 " Boston & Providence R.R.,		106½
140 " N. J. Railroad & T. Co.	103½	104
245 " Stonington R. R.	27	25
150 " Long Island Railroad,		56½

EXCHANGES AT NEW YORK.

WEEKLY REPORT.

December 22.

Bills on London, 60 days sight,	9½ a 9½	p. cont. prem.
" France,	5 20 a —	fr. p. doll.
" Holland,	40½ a —	cts. p. guild.
" Hamburg,	36½ a 36½	cts. p. mc. ba.
" Bremen,	— a 80½	cts. p. rix doll.
" Boston, at sight,	par a ½	discount.
" Philadelphia,	par a ½	do.
" Baltimore,	½ a ½	do.
" Richmond,	1 a 1½	do.
" N. Carolina,	2 a —	do.
" Charleston,	1 a 3	do.
" Savannah,	2 a 2½	do.
" Augusta,	2 a 2½	do.
" Mobile,	3½ a 4½	do.
" New Orleans,	1½ a 1½	do.
" Louisville,	2 a 2½	do.
" Nashville,	5 a 6	do.
" Natchez,	7 a 8	do.
" St. Louis,	2½ a 3½	do.
" Cincinnati,	1½ a 2½	do.
" Michigan,	10 a 12	do.
" Detroit,	4 a 5	do.
American gold,	7	premium.
do. new coinage,	par a ½	do.
Spanish dollars,	4½ a 5	do.
Carolus do.	6 a 7	do.
Mexican dollars,	1½ a 2	do.
Half dollars,	par a ½	do.
Five-franc pieces,	94½ a 95	cents each.
Doubleons,	\$16 65 a \$16 75	do.
do. patriot,	15 65 a 15 75	do.
Sovereigns,	\$4 85 each.	

WEDNESDAY, DECEMBER 26, 1834.

NATIONAL BANK.—At page 365 we gave the year and days of the house of representatives of the United States, on the resolution adopted on 5th October, 1837, in the following words:—

Resolved, That it is inexpedient to charter a national bank."

The following are the proceedings of the senate on the 26th September of same year, in relation to the same subject:—

In Senate, September 26, 1837.

Mr. Wright, from the committee on finance, called up the report in relation to the petitions for a national bank, which was.

Resolved, That the prayer of the respective petitions be not granted."

After some debate upon the proposed amendments, the question was taken and decided in the affirmative, yeas 31, nays 14, viz:—

Yeas—Messrs. Allen, Benton, Brown, Buchanan, Calhoun, Clay of Alabama, Fulton, Grundy, Hubbard, King of Arkansas, Kent, King of Georgia, Linn, Lyon, McKean, Morris, Nicholas, Niles, Norvell, Pierce, Rives, Roane, Robinson, Smith of Connecticut, Strange, Talmadge, Walker, Wall, White, Williams, Wright, Young—31.

Nays—Messrs. Bayard, Black, Clay of Kentucky, Clayton, Crittenden, Kent, Knight, Prentiss, Robbins, Smith of Indiana, Spence, Swift, Tipton, Webster—14.

RESUMPTION OF SPECIE PAYMENTS.—The banks of New Orleans, Mobile, Natchez, and Nashville, having

resolved to resume specie payments in January next, the probability is, that after the middle of that month specie payments will have been entirely resumed throughout the United States, excepting in the case of what are called the new banks of Mississippi. The few that lag behind will be marked out as unworthy of confidence, and the chances are, that their notes will soon cease to form any part of the currency. Such a general restoration of the currency within twenty months from the period of the general stoppage was hardly anticipated at the time it took place, and would not have taken place, in our humble estimation, had it not been for the New York law, which compelled the banks to resume in May last, or forfeit their charters.

MR. GRUNDY'S BILL.—At page 373, we gave a copy of the bill reported by Mr. Grundy, entitled "An act to prevent the issuing and circulation of the bills, notes, and other securities of corporations created by acts of congress which have expired." That bill became a law on the 7th of July, in the words of the original bill, amended by striking out from the end of the first section these words, "or by imprisonment and confinement to hard labour not exceeding ten years, or by both such fine and imprisonment," and by inserting as follows: "Or by imprisonment and confinement not less than one year, nor exceeding five years, or by both such fine and imprisonment: *Provided*, That nothing herein contained shall be construed to make it unlawful for any person not being such director, officer, or agent of the said corporation, or any trustee thereof, or any agent or officer of such trustee, or any person having in his possession or under his control the property of the corporation, for the purpose aforesaid, who shall have received or may hereafter receive such bill, note, check, draft, or other security, bona fide and in the ordinary transactions of business, to utter as money or otherwise circulate the same."

COUNTERFEITS.—Within the last two years the newspapers of all parts of the United States have furnished abundant evidence of the immense increase of forgery. During the period of the suspension of specie payments, not only were the small notes or tickets counterfeited to a vast extent, but even bank notes, of every description and size, are advertised almost daily.

THE SUB-TREASURY SYSTEM.—As the president has repeated in his late annual message his recommendation of the divorce of bank and state, and as that measure will most probably be again discussed by congress, as a leading topic, we have thought it might be useful, as a matter of reference, to quote the proceedings of the house of representatives in 1834 and 1835, in reference to this same subject, from which it will be seen that the great political parties have both changed sides.

THE MONEY MARKET.—Very little change has taken place within the last two weeks in the money markets of Philadelphia and New York. A great pressure for money still exists, but there have been no failures, which argues strongly in favour of the stability of our mercantile houses.

The present number completes the Register. The two volumes contain as much printed matter as is contained in five octavo volumes of the usual size, and will be found serviceable for reference, as comprising the history of the late money crisis. Copies of the work may be obtained, half bound, of Adam Waldie, the publisher, and of Carey & Hart, and Key & Brother, booksellers, Philadelphia, at \$5.50.

INDEX TO VOLUME II.

- Acts of Congress—To secure the payment of certain commissions on duty bonds to collectors of the customs, 62. To modify the last clause of the 6th section of the deposit act, 62. To authorize the sale of certain bonds belonging to the United States, 94. To restore the circulation of small notes in the District of Columbia, 142. To authorize the issuing of treasury notes to meet the current expenses of the year, 408. To prevent the abatement of suits and actions now pending, in which the late Bank of the United States may be a party, 408.
- Adams, John Q., his letter to William Foster on the suspension of specie payments, 59.
- Alabama—Specie imported for banks, 47. Proceedings of a bank convention at Tuscaloosa, 63. Notes of Mobile banks protested, 93. Condition of the Mobile branch of the State Bank on 3d July, 143. State of money affairs at Mobile in August, 143. A state convention of banks to be held, 144. Loan negotiated in New York by one of the banks, 308. Rules of the State Bank for making advances on cotton, 235. Convention of banks adjourns, 210, 222. Partial resumption in Mobile, 252. Prospects of a full resumption, 252. Improvement of the currency at Mobile, 248. Reported agreement of the banks to resume on 1st January, 1839, 317. Proceedings of banks in favour of resumption, 349. Proceedings of a meeting of citizens in Perry county against resumption, 349. Mobile banks resolve to resume on 1st January, 350. State bonds for half a million sold, 306. Montgomery branch of the State Bank resolves to resume, 408.
- American Stocks, prices of at London on 8th June, 1838, 64. On 4th July, 79. On 18th September, 353. On 23d October, 334. Estimate of the amount held abroad, 141.
- American Life Insurance and Trust Company propose to organize under the new banking law, 96.
- American Exchange Bank of New York, articles of association of, 344.
- Amherst Bank, history of the defalcation of the cashier, 271, 333.
- Appropriations made by the existing congress, 127.
- Arkansas, state bonds not sold, 32. New bank at Batesville, 158. State bonds sold, 191.
- Atchafalaya Bank. [See legal decisions.]
- Atlantic and Pacific Canal in Central America, intelligence respecting, 95.
- Baltimore Banks, condition of, in July, 158.
- Bank of the United States, its right to sue in Louisiana questioned, 114. In Alabama, denied by a legal decision, 93. Decision in the case *vs. Primrose*, 93. Redeems its notes bearing 14 per cent. interest, 191. Represented by the New York American to be a deposit bank of the government, 237. Statements of its condition from February, 1817, to March, 1838, 394. From March, 1836, to December, 1836, 396. [Statements for 1837 are in Vol. I.] Circulation of old notes prohibited. [See Grundy.]
- Bank of the United States in New York, history of its establishment, 154, 155. Cashiers appointed, 223. Commences business, 240, 253. Redeems the notes of the Pennsylvania Bank, 351.
- Banks, condensed report of the secretary of the treasury of 7th May, on the condition of the state banks at the latest returns, 57.
- Bank Convention, journal of, at New York in April, 1838, 337. Proceedings of, at Philadelphia in July, 78.
- Bank of England, condition of its affairs on 25th May, 1836, 64. On 2d June, 71. On 24th July, 189. On 11th September, 304. On 11th October, 335. History of its capital and profits, 238. [See Quin's Trade of Banking.]
- Bank Failures—Western Bank of Rome, 30. Nahant Bank, 80. Farmers and Mechanics' Bank at Pontiac, 96. Windsor Bank in Vermont, 142. Commercial Bank of Florida, 142. Roxbury Bank, 142, 161. Orono Bank, 175. Sabine Bank, 175. Several in Michigan, 208.
- Bank of Charleston increases its capital, 80.
- Bank of Ithaca *vs. B. Potter & Co.*, decision in case of, 77.
- Bank of Kentucky, its plates stolen and its notes forged, 157.
- Bank of Havre, abstract from its charter, 127.
- Bank of Washington, in New Jersey, gives notice of resumption, 154.
- Bank of Chillicothe *vs. Swayne & Minor*, 407.
- Bank notes, of small denominations, law of New York respecting, 332.
- Banks dealing in cotton, structures of the Journal of Commerce upon, 234.
- Biddle, Nicholas, his letters to the New York Board of Trade, 13. To the New Orleans banks, 236. Respecting an election trick in New Jersey, 316. To John Quincy Adams of 10th December, 1838, 381.
- Bills of Exchange, an alteration in the usance recommended, 40.
- Boston Banks, association dissolved, 159.
- Bleeker *vs. Solomon Allen*, et al., 93.
- Brandon Bank, said to be improperly assailed, 126.
- Bridgeport Bank authorized to increase its capital, 30. Books to be opened, 158. Subscription filed, 141.
- British Coins, a new set struck, 141. Remarks upon the state of the currency, 305. State of the gold coinage, 322.
- British Funds, highest and lowest prices ever sold at, 307.
- Brooklyn Bank, *vs. B. Willoughby*. [See legal decisions.]
- Bronson, Isaac, letters from, to Condy Raguet, 7. To a member of congress, 11. Obituary notice of, 15.
- Canada—Banks in Montreal stopped payment, 251. Condition of two of them on the day before the stoppage, 324.
- Canton, prices of dollars and bills at, on 12th May, 306.
- Clay, Henry, his plan of a national bank, 261.
- Coins, weight and value of several, from Mr. Woodbury's Report on Exchanges, 156, 254.
- Collection and disbursement of the revenue of Great Britain and France, plan of, 378.
- Commercial Bank of Florida, history of fraud practised against, 108, 109, 142, 157.
- Commercial Crisis, a second one in the United States anticipated by the French government, 300. Satisfaction of these views by the *Courier des Etats Unis*, 270.
- Commonwealth Bank, report to the legislature of Massachusetts on the condition of, 378.
- Congress adjourns, 32. Meets again, 394. Election of members, days of, in the different states, 154.
- Connecticut, resolutions of the legislature of, against the sub-treasury system, 106. Exchange Bank resumes specie payments, 175.
- Corn Laws of Great Britain, extract from, 316. Price of wheat in England from 1790 to 1837, 350. [For late prices see foreign news.]
- Corporations, law of, Chancellor Kent's opinion, 90. Decision of a court in Alabama in the case of the Bank of the United States *vs. Primrose*, 93. Ground taken by a court in New Orleans in the case of the Bank of the United States, 112. And in case of the Union Bank, 139.
- Cotton, prospect of the crop in Alabama, 67, 206. In Tennessee, Alabama, and Mississippi, 95. In Mississippi, 96. In Georgia, 159. In Louisiana, 223. In Florida, 254. New crop appears in Georgia, 143. At Hatcher and New Orleans, 191. In Florida, 212, 257. Injured by frost in Georgia, 353. Transactions in, at New Orleans in June, 29. Stocks on hand at Liverpool on 10th July, and by whom held, 139. Prices on same day, 140. Imports into Great Britain from 1st January to 1st June, 1834, and the stock on hand at latter date, 160. Consumption of, in Great Britain from 1810 to 1837, 305. Exports of, from the United States, for the year ending 1st October, 1838, 319. Total annual growth from 1824 to 1838, 319. Total consumption of the United States, 320. Prices of at Liverpool at different dates. [See foreign news.]
- Crops, prospect of the wheat, 62. Of the tobacco, 62. Of the cotton. [See cotton.]
- Currency—The question answered of what the currency consist? 207.
- Delaware and Hudson Canal Company issue small post notes, 31, 175.
- Deposit banks have paid nearly all their balances to the government, 14.
- Deposits Act, postponement of, years and days on the passage of, in the house of representatives, 333. Proceedings of the senate upon the bill to repeal it, 408.
- Dyott, Dr. [See Manual Labour Bank.]
- Exchange, rates of, at New York, weekly. [See each No.]
- Quotations of, editorial remarks on, 48. The par of, with Europe, from Mr. Woodbury's report, 156. Erroneous dates of quotations corrected, 240. Par of the pound sterling settled at New York by referees, 264.
- Exports. [See imports.]
- Financial Register, notice of intended discontinuance of, 240.
- Fitch *vs. The Phoenix Bank*. [See legal decisions.]
- Florida, Southern Life and Trust Company resume specie payments, 317.
- Flour and Grain exported to England from New York, 223, 240.
- Foreign Grain Market, comparative state of, 265. Corn averages in England on 31st August, 240. British ports open, 255. Abstract from the corn laws, 316. [See foreign news.]
- Foreign News to 8th June, 64. To 23d June, 79. To 10th July, 139. To 3d August, 168. To 11th August, 224. To 10th September, 254. To 1st October, 304. To 27th October, 334.
- France, extent of joint-stock companies and speculations in, 221. History of the first joint-stock bank, 234.
- Franklin Bank, report made to the legislature of Massachusetts in relation to, 170.
- Free Banking—Mr. Mayer's bill of 1831, introduced into the senate of Maryland, 398. Editorial remarks upon, 406.
- Georgia, condition of her banks, 46. Loan effected for the

- Western Atlantic Railroad, 143. Intended resumption of specie payments by her banks on 1st October, 191. Resumption in Augusta, 206. Expected resumption in various parts, 152. Resumption in Savannah, 253. Intended resumption of the Western Bank, 303. Likely to adopt free banking, 410.
- Gold—Imports and exports of coin from 1st January to 15th May, 30. New mines discovered in North Carolina and Virginia, 306. Important discovery in purifying gold sand and in melting ore, 420. Malleability of, 222.
- Grundy, Mr., his report on the old notes of the Bank of the United States, 369. The bill reported by him, 373. Debate in the senate upon, 373. Yeas and nays in both houses upon the passage of, 374. Comments upon, from United States Gazette, 374. From Journal of Commerce, 375. Copy of the bill as passed, 411.
- Gordon, General, proceedings of congress on his original sub-treasury bill, 405.
- Hare, Dr. Robert, his pamphlet on the currency, 40.
- Hartford and New Haven Railroad Company *vs.* Kennedy. [See legal decisions.]
- Hints on Banking, a pamphlet by Dr. McVicar, 321.
- Illinois, extent of litigation in, 31. Condition of the State Bank on 2d July, 176. State Bank resumes, 224.
- Imports and Exports of the United States, for the year ending 30th September, 1837, 94. Of the northern and southern states respectively, 906. From 1789 to 1838, table of, 409.
- Imports of British goods for six months of each of the years 1836, 1837, and 1838, 310.
- Indiana has a canal 444 miles long, 160.
- Ingersoll, John, his circular, 379. Reply to, by Bryan & Humphreys, 380. Card of C. J. Ingersoll, 380.
- Jackson, General, his two letters to the Globe of 9th and 23d July, 1837, upon the financial policy of the country, 58.
- Joint Stock Banks of Great Britain, some account of, 95. Condition of, on 30th of June, 1837. Abstract from the report of the select committee of parliament respecting, 921.
- Kent, Chancellor, his opinion on the law of corporations, 90.
- Kentucky—State bonds sold, 30. Banks resume, 159.
- Kilby Bank, report in relation to, made to the legislature of Massachusetts, 186.
- Kuhn *vs.* The Bank of the United States, decision of Judge King in the case of, 121. Of Judge Jones in case of, 318.
- Legal Decisions.—In New York, relating to checks on banks in the case of, Smith *vs.* James, 60. In New York, in the case of, Quincy Stone Bank *vs.* Cooley & Lambert, 77. In New York, in the case of the Bank of Itasca *vs.* Stephen Potter & Co., 77. Of a court in Alabama, in Bank United States *vs.* Priouree, 93. In New York, in Blocker *vs.* Solomon Allen, 93. In Connecticut, in the case of, Hartford & New Haven Railroad Company *vs.* Kennedy, 109. In New York, in the case of, William Fitch *vs.* The Phoenix Bank, 109. In the same, in the case of, the Brooklyn Bank *vs.* Samuel A. Willoughby, 110. In a court at New Orleans, in the case of, the Mississippi Bank *vs.* Lyle, 110. In Pennsylvania, by Judge King, in the case of, Kuhn *vs.* Bank United States, 121. In Mississippi, in Planters' Bank *vs.* several individuals, 136. In New York, in Smith *vs.* The Washington Banking Company, 139. In Virginia, in the State Bank of North Carolina *vs.* Cowan, 159. In District of Columbia, in the Patriot Bank *vs.* Daniel Jackson and R. Seydian, 253. In Pennsylvania, by Judge Pettit, on the law of stock contracts, 301. In same, by Judge Randall, on the right of a bank to pay away notes under five dollars, 303. In same, by Judge Jones, in the case of, Kuhn *vs.* Bank United States, 315. In Massachusetts, by Judge Monell, on passing a counterfeit note of three dollars, 318. In New York, in Scott and others *vs.* The Eagle Fire Company, —. Of a court in Ohio, as to the legality of a bank's charging for exchange, 407.
- Lumberman's Bank, not going on, as reported, 141. Notice respecting, 307.
- Maine, extent of the despoiled territory of, 90.
- Manual Labour Bank of Philadelphia—Documentary history of its embarrasments and expedients, 249, 353.
- Maryland State Loan, negotiated, 36. Notice to the creditors of the Bank of Maryland, 31. Condition of her banks in May, 45. Mr. May's bill, in favour of free banking. [See Baltimore Banks.]
- Massachusetts, report to the legislature on the Roxbury Bank, 25. Condition of the Boston banks on 5th May, 46. Appropriations made by, towards internal improvements, 160. Report to the legislature on the Franklin Bank, 170. On the Kilby Bank, 186. On the Norfolk Bank, 303. Minority report, on aiding the banks to resume, 218. Defalcation of the cashier of the Amherst bank, 271, 333. Report on the Commonwealth Bank, 278. Law providing for the appointment of bank commissioners, 332.
- Mechanics Banking Association of New York, articles of the, 43. Books opened, 44. Progress of subscription to, 80.
- Mexican Dollars, counterfeited, 971.
- McVicar, Dr. his pamphlet on banking, 321.
- Michigan State Loan, negotiated, 14. A list of her banks current at Detroit, 30. Caution respecting Wild Cat banks, 30. Some Wild Cats escaped with money, 30. Agricultural prospects of, 85. Number of banks in the State, 126. Hard times in, 142. Currency improving, 142. Bank of Michigan refuses to receive the notes of certain banks, 158. The governor refuses to convolve the legislature for the purpose of chartering a bank, 175. Great scarcity of money at Detroit, 191. Speculation has subsided, 222. Abundant crops, 222. Substance of the report of the commissioners of the Farmer's Bank of Genesee county, 239. Condition of the different banks, as reported by the bank commissioners in September, 250.
- Mint of the United States, report of coinage in May, 14. In September, 253. Gold eagles ordered to be struck, 158.
- Missouri, a further sale of bonds, 15.
- Mississippi, an injunction laid against the Brandon Bank, 7. On cotton, on account of protested notes, 29. Speculation of certain banks in cotton and pork, 29. Public meetings held on the subject, 29. Strictures upon the conduct of her banks by the Mississippian, 41. By the Free Trader, 42. By the Mississippi Intelligencer, 42. Proceedings of a public meeting at Vicksburg respecting banks, 42. Vicksburg Bank issues post notes, to resemble those not demanded, 43. High salaries paid to the officers of the Union Bank, 43. Great extent of law suits in, 43. Hard times in, 43. Governor subscribes five millions of stock to Union Bank, 31, 158. A court house burned down to arrest law proceedings, 43. Loans effected by the Vicksburg and Planters' Banks, 143. Sale of state stocks made at Philadelphia by the Union Bank, 143. Commissioners to sell the bonds about to proceed to the north, 158. Condition of the Commercial Bank of Manchester, on 1st August, 180. Notice of the affairs of the Brandon Bank, 219, 220. Great depreciation of its paper, 223. Negotiation of state bonds for five millions by the Union Bank, terms of, 252. Resolution of the Union Bank relative to resumption, 255. Report of the bank commissioners on the condition of the Brandon Bank, 264. Proceedings of the Vicksburg bank in relation to resumption, 317. Planters' Bank raises funds in New York, 345, 363. Brandon Bank has reduced its circulation, 351. Proceedings of the bank convention at Vicksburg, on 5th November, 366. Natchez banks resolve to resume, 408. The other banks postpone resumption in a convention at Vicksburg, 408.
- Money crisis of 1818, history of, from a report made to the Senate of Pennsylvania, by Mr. Raguet, 171.
- Money Market, in London. [See foreign news.] In Philadelphia and New York in August, 124. In Boston in August, 142. In New York, on 20th October, 271. In Mobile, on 15th October, 319. In Philadelphia, on 21st November, 330. In New York, on 25th November, 363. In Philadelphia, on 5th December, and causes of the pressure assigned, 466.
- Morus Multicaulis Trees, great sales of, 227.
- National Bank—Mr. Clay's plan of, 261. Yeas and Nays upon a resolution respecting, in the house of representatives, 365. Yeas and nays in the senate, on a resolution respecting, 411.
- Nebraska, Independence, resumption, notice respecting, 100.
- New Orleans, proceedings of banks on 10th June, respecting specie payments, 24, 152. Suit against the One Bank by Mr. Caldwell, 29. Notes of Commercial Bank payable at New York dishonoured, 31. Explained away, 156. Condition of banks on 7th May, 46. Louisiana State Bank resumes, 47. Remarks on the times there by the Mobile Chronicle, 47. Citizens' Bank undertakes to regulate the exchanges of the west, 90. Condition of the banks on 2d July, 90. On 7th August, 143. On 2d September, 204. They propose to resume, 203. Correspondence of, with the Bank of the United States, respecting resumption, 236. Proceedings thereon, 237. Extent of litigation in, 254. Condition of the banks on 1st Oct. 318. On 13th Nov. 351.
- New York General Banking Law, copy of, 4. Correspondence relating to, between Isaac Bronson and Condy Raguet, 7. A great bank under this law recommended by the Journal of Commerce, 12. And by the American, 13. A bank of five millions projected, 14. Articles of the Mechanics Banking Association, copy of, 43. Bank projected in Orleans county, 45. One said to be projected by Mr. Biddle, 44. Books opened for the North American Trust and Banking Company, 63. A. American Life and Trust Company, projected, 64. A bank projected at Rochester, 159, 191. One at Coxsack, 175. One at Buffalo, 191. One at Clyde, 191. One at Utica, 222. Merchants Exchange Bank at Buffalo, 240. Stayresant Banking Company, 351. New York Banking Company, 351, 367. East River Bank, 351. A bank at Newburgh.
- New York—Dividends declared by her banks in July, 30. State Loan negotiated, 14. Comparative amount of sales of lands in New York for six months in 1836 and 1838 respectively, 144. Comparative trade on her canals for three years, 157. History of the operations of the New York stock market, 204. Value of real estate as assessed in different years, 256. Condition of the Savings Bank, 263. Law respecting small notes or tickets, 332. Comparative value of the real and personal estate, in different years, 335. Cost of her canals and railroads, 383.

- Norfolk Bank, report on the condition of, made to the Legislature of Massachusetts, 203.
- North American Trust and Banking Company, books opened, 63. Recommended by the London Morning Chronicle, 350. Resolves to augment its capital, 350. Books closed, 350. Copy of articles of association of, 363.
- Notes under five dollars, have been issued by all the States but four, 14. Proceedings in Connecticut respecting, 31. Those issued by Corporation of Philadelphia and districts, and by loan companies to be redeemed, 112. Desired by the Albany Journal, 157.
- Ohio, condition of her banks on 1st June, 45. The German and Canton banks expected to recover, 142. State loan negotiated, 175. New banking facilities at Cincinnati, 175. Specie payments at Cleveland, 176. Reduction of loans by Cincinnati banks, 196, 223. Cost of her canal and revenue therefrom, 206. Resumption of specie payments by all the banks, 224.
- Overtrading in 1836, proved by a comparative statement of British goods imported in 1836, 1837, and 1838, 319.
- Pennsylvania, number now on the list, 47.
- Pennsylvania, Governor Ritner's proclamation requiring the banks to resume specie payments, 44. The amount of unlawful notes under five dollars issued in the state, 61. Finances of, from 1830 to 1837, 78. Her state debt on 1st August, 206. Finances of, for the year ending 31st October 1838, 267.
- Phoenix Bank of New York, M. Delafeld and M. Carey replaced, 158.
- Philadelphia Banks, dividends in July, 31. In November, 330. Resolve to resume specie payments on 1st August, 32. Proceedings of, on 5th July, relative to resumption, 48. Proceedings of, in convention with others on 23d July, 73. Resume specie payments on 13th August, 112. Pressed for specie by the New York banks, 144.
- Planters' Bank of Mississippi *vs.* several individuals, 156.
- Pope, interview with the, by a private gentleman, 253.
- Postages upon certain printed sheets, new instructions respecting, 46.
- Post Notes, issued by Planters' Bank of Tennessee, 80. Editorial remarks upon, 264.
- President's Message, of 4th December, 1838, extracts from, 375.
- Public Expenditures of the United States, from 1824 to 1837, 106.
- Public default in Arkansas, 158.
- Public Revenue, Mr. Wright's report on the collection of, of 16th May, 289, 305, 326.
- Quinn's Trade of Banking, 1. And continued on the first page of each of the succeeding 17 numbers. [For contents of the chapters, see table, on page 3.]
- Quincy Blane Bank *vs.* Cooley & Lambert, 77.
- Raguet, Condy, letter from, to Isaac Bronson, relative to the New York General Banking Law, 7. Extract from his report to the Senate of Pennsylvania on the money crisis of 1818, 227.
- Railroads, cost of some of the principal ones in the United States, 64.
- Reminiscences of the stoppage of specie payments in May, 1837, 201.
- Resumption of specie payments, at Fredericktown, 27. At Lowell, 27. Prospect of, in Tennessee, 28, 127. In Virginia, 28. In New Orleans, 28. Absolute at Detroit, 29. By some other banks in Michigan, 30. Intended by the Philadelphia banks, 29. Absolute by the Louisiana State Bank, 47. "Prospect of, in North Carolina," 79. Absolute by Pennsylvania, Boston, and Baltimore banks, 112. By Philadelphia, Wilmington, Baltimore, Washington, Alexandria, Georgetown, Norfolk, and Pennsylvania throughout, 128. Effects of, as related to a demand for specie, 129. New Jersey banks called upon by proclamation to resume, 198. Resolves of the Charleston banks, 124. In North Carolina and Maine, 143. Convention proposed of the south western banks, 143. Prospect of, in Georgia, 143. In Kentucky, 159. Final result, —.
- Revenue of Great Britain and France, how collected and disbursed, 378.
- Rhode Island, condition of the banks on 6th July, 159. Comparative statements of, in January 1837, and November 1838, 349.
- Rives, Mr. his substitute for the sub-treasury bill, 359.
- Rotary Bank, report relating to, made to the Legislature of Massachusetts, 35.
- Runs on banks in England at different periods, 238.
- Safety Fund of New York, 4 per cent. dividend, 26. Notes of the Safety Fund Banks received by certain New York banks, 29.
- Seigniorage of the Governors of all the States, 287.
- Sherris *vs.* the Eagle Fire Insurance case. [See legal notice, 41.]
- South Carolina Banking Company, 130.
- South Carolina (Bequest), letter from R. Rush respecting, 31.
- South Carolina treasury, offering to lend the amount, 141.
- Public law found out, 191, 223.
- Southern Commercial Convention, assembled at Richmond, proceedings of, noticed, 28. Natchez declined to send delegates, 226. Resolutions adopted at Augusta, 367.
- Southern Life Insurance and Trust Company, see an editor for reporting a sale of stocks at a low price, 153, 175.
- South Carolina, legislature authorizes a loan for the benefit of the sufferers by fire at Charleston, 47. South Western Railroad Bank expected to go into operation, 96. Resolution of the legislature in favour of the sub-treasury system, 106. Books to be opened for the Railroad Bank at Charleston, 150. Loan negotiated in England, 206. Books opened for the Railroad Bank, 271, 318. Amount subscribed, 351. Specie received from Europe for said bank, 366.
- Specie, imported at New Orleans for Commercial Bank, 80. Exported to Havre, 240. Exported from New York, 253, 217.
- Specie Circular, joint resolution of congress, repealing, 60. Years and days in both houses on the repeal, 362.
- Specie-payments, in different States. [See resumption.]
- State Banks, report of the committee of finance of the senate on Mr. Webster's resolution concerning the employment of over banks, 74.
- State Bank of North Carolina *vs.* Cowan, 159.
- Stocks, weekly sales of, at Philadelphia and New York. [See each number.] Fluctuations in the New York market during 1837, in the price of the principal stocks, 107. Causes of decline in stock price, 272.
- Stock Jobbing, nature of, at New York and Philadelphia, 38.
- Suspension of specie payments in May 1837, reminiscences of, 211.
- Sub-Treasury System, approved by the Legislature of South Carolina, 102. Denounced by the Legislature of Connecticut, 108. Congressional proceedings relating to, during the extra session, 312. Secretary of the Treasury's report to the house of representatives upon, 312. Copy of the bill as it passed the senate during the extra session, 313. Years and days upon it, in the senate, 313. In the house, 315. Proceedings of the senate in relation to it, in March 1838, 353. Copy of the bill as it passed that body, with the yeas and nays, 355. Proceedings of the house in relation to the same, with the yeas and nays, 358. Analysis of the vote by the Globe, 359. Origin, history of, 405.
- Tennessee, state bonds sold for one million, 28. New bank about to commence, 28. Commences, 62. Agrees to take the paper of the other banks of the state, 95. Banks will probably resume in January, 127. Exchanges at Nashville on 15th September, 223. Condition of the banks on 1st October, 351.
- Texas Money, remarks upon, 31.
- Tobacco, prospects of the crop, 191, 223.
- Tonnage of the United States, on 30th September, 139.
- Towson, Col. his circular respecting the notes of the Bank of the United States, 302. Remarks upon, by National Gazette, 302. By the Globe, 302.
- Trade of Banking, by Michael J. Quinn, 1. And first page of each of the 17th succeeding numbers. [See table of contents at page 3.]
- Treasury Notes, monthly report of issues, for July 29, August 14, September 19, October 23, November, 319.
- Trimmer, 704. *Reminiscences of his readiness to pay all that are due, 192.*
- Treasury Circular, the new one of 1st June, 1838, 80. Respecting public moneys of, 14th July, 141.
- Treasury—Instructions to the deposit banks of 26th September, 1835, recommending an extension of discounts on the public money, 62. Call of the secretary for proposals for the purchase of the bonds of the Bank of the United States, 94. Abstract from the secretary's report of 26th May, on exchanges and coins, 156. Secretary's annual report of 2d December, 1838, 325, 401.
- Union Bank of New Orleans *vs.* ———, 139.
- Usury Law, British act of parliament of 17th July, 1837, modifying, 303. Proceedings of the Chamber of Commerce of Philadelphia respecting, 320. Essay upon, 323.
- Vermont—Banks resume specie payments, 142. Woodstock Bank recovered, 142. Report of bank commissioners on the Windsor Bank, 231.
- Virginia—State loan negotiated, 30. Exchange Bank receives from the Bank of the United States \$533,000 in specie, 187. That bank authorised to commence, 142. Goes into operation, 191. Some account of gold mines, 159. Favourable results of resumption, 191. Resumption in Petersburg, 206. Petersburg branch of Exchange Bank goes into operation, 256. Condition of her banks at three different periods, 317.
- Westbrook Bank robbed, 60.
- White, Judge, his letter of 24th July, giving his opinion respecting a national bank, 59.
- Wildes & Co. of London, notice of their resuming payment, 140. A notice issued by them, 198.
- Wisconsin—Currency 25 per cent. below par at Detroit, 222.
- Wright, Mr., his report to the senate on Mr. Webster's resolution respecting the employment of state banks, 74. His report on the collection of the public revenue, 289, 305, 326.

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